Richard Arena and Michel Quéré (eds), ***The Economics of Alfred Marshall. Revisiting Marshall's Legacy***, 2003, Basingstoke, UK: Palgrave Macmillan, ix + 281.

A collection of essays by thirteen leading Marshallian scholars, each of them reflecting upon "Marshall's legacy", may suggest the not very attractive idea of thirteen repetitions of as many well rehearsed stories. Although duplication is sometimes inevitable, this book edited by Arena and Quéré is quite a different case, as the heading of the conference at which many of the contributions were originally presented clearly suggests: "Competition and Evolution; the Marshallian Conciliation Exercise" (held in Sophia-Antipolis, December 2000).

Competition and evolution are the key words of the book, and the two horns of a dilemma. Had Marshall intended equilibrium and competition exclusively in the common Walrasian/neoclassical sense, no evolution could have been expressed in his work. But, on the contrary, a more dynamic and evolutionary logic is ubiquitous in Marshall, and in his industrial economics in particular. Many of the authors deal with the so called "reconciliation problem" and the representative firm, sometimes with a view to the 'Marshallian cost controversy' which arose during the 1920s and reached its climax in the 1930 Symposium in the *Economic Journal*. The analytical difficulties/practical possibilities associated with the coexistence of increasing returns and competition provide a further recurrent topic, while other contributors, and especially some of those included in Part I, on "The legacy of Marshall's Economics", adopt more heterogeneous perspectives. In this first part, the contents are at times too loosely related to the main object of the book as the editors present it: "to re-read Marshall's contributions from the standpoint of the renovation of contemporary economics", on the supposition that "economists are far from having fully exploited the potentialities of the originality of Marshall's approach" (1).

The opportunities that Marshall had to offer and that "we lost" (22) constitute precisely the aspects which the opening essay by Giacomo Becattini aims to revive. Becattini regards the emergence of "new, unexpected, phenomena" (14) and the "delay in our capacity to understand important socio-economic changes, with particular reference to industrial districts" (22) as, respectively, one of the main sources for the recently renewed interest in Marshall and the result of a too precipitous "sidelining of Marshall's thought" (22) in the past. Many directions could be explored by starting from this paper, but the apprehension concerning poor explanatory power in present-day economics seems particularly fitted for the editors' perspective. The typically Marshallian conflict between mathematical formalization and practical relevance, occasionally labelled as the "Cournot problem", is a recurrent issue within this book as well as in so much Marshallian literature from the past. Marchionatti begins with a consideration of the representative firm as an example of "trained common sense" (38) – understood as a "middle way" (39) solution to the reconciliation (and Cournot) problem – and continues by pointing out a methodological connection linking Marshall to Keynes. This essay has the merit of keeping alive the debate about the Marshallian influences on the development of Keynes's thought, but the analogy between Marshall's "trained common sense" and Keynes's search for the "relevant model" seems a little too vague. David Reisman concentrates on a more clearly defined topic, "Alfred Marshall and Social Capital", starting from the risky assertion that "Marshall, here as usual, knew it all" (53). To say that "externalities are not the exception but another name for economics" (58) is perhaps another hazardous simplification, but it is no doubt a vigorous way to call attention to an important aspect of Marshall's thought. Laurence Moss considers practical relevance in the sense of the desire to make "orthodox economics intelligible to business leaders" (67), and concludes by saying that this would be "akin to asking an exotic dancer to perform a minuet". For Moss, the gap between what was "common sense to a trained economist" (79) – namely, "to conceptualize the economic system as a closed system with negative feedback effects" (67) – and business leaders' tendency to "think of countries as if they were businesses" (78), was too vast even in the times of Marshall.

In the 6th chapter, on "Alfred Marshall's Partial Equilibrium: Dynamics in Disguise", Marco Dardi combines philological research and logical analysis. According to Dardi, it is not Marshall's concept of equilibrium that is irreconcilable with the dynamic contents of Book IV of *Principles* and *Industry and Trade*. Quite the reverse, it is the "expository form" employed in Book V that is of no avail to express Marshall's concept of equilibrium, which then remained unexpressed at an analytical level. By means of an *ad hoc* logical structure, Dardi reproduces the concept of equilibrium which is traceable in *Principles*, using the model to show that this concept was part and parcel of his dynamic view of the economic world. This contribution may be better appreciated after having read the remaining part of the book, as it provides an alternative answer to the recurrent query about how to reconcile the theoretical and the empirical sides of Marshall's thought and research.

In the last essay of Part I, Peter Groenewegen makes a distinction between Marshall "the theorist" and the "social realist" (and "reformer"). Dealing with the "compatibility of competition with increasing returns", Groenewegen provides a detailed account of the way in which the two notions of competition and increasing returns evolved in Marshall's mind, while, at the beginning of part II (on "Economic Evolution and the Organization of Industry:

Marshallian Insights"), John Whitaker attempts an analogous excursus on the development of Marshall's thought, focusing on the changing relative weight of biological and mechanical elements in the eight editions of *Principles*, and later in *Industry and Trade*. Neil Hart relates how the equilibrium firm took the place of the representative firm in the textbooks. Again, the "representative firm was very much the product of an unresolved struggle" (158), something which "meets the junction of Marshall's biological and mechanical notions" (167), the result of "conflicting endeavours" (169). As a consequence, the equilibrium firm emerged as the upshot of what Samuelson called "the negative task of getting Marshall out of the way" – though, as Hart denounces with an appeal to Veblen, even at the cost of reducing economic analysis to a "system of economic taxonomy" (176). Taking a step back to the issue tackled by Groenewegen, Michel Quéré asserts that it is better to read *Industry and Trade* rather than *Principles*, in order to acquire a "Marshallian perspective" on "increasing returns and competition". Quéré forcefully argues that Marshallian economics is an "empirical-founded discipline … compatible with any method, provided it is helpful to address 'constructive works'" (199).

Starting from a sentence in Groenewegen's biography – "For Marshall, economists do not only have to explain their world. They have an unambiguous duty to assist in changing it for the better" – Loasby calls attention to the major points of departure of Marshallian thought from the pillars of twentieth century economics. This chapter proposes a deeply Marshallian criticism of Pareto efficiency and the treatment of time in the Arrow-Debreu model, and although "an appropriate theory … is beyond the scope of this chapter" (217), valuable hints do emerge about a new, dynamic criterion of efficiency and the relationship between time and knowledge. In continuity with Loasby, "Organization and Knowledge in Marshall's economics" is the topic of the next chapter, in which Richard Arena emphasizes the role of organization and knowledge. Taken together, these categories "appear to be the main engine of economic evolution in Marshall", even though they do not "provide sufficient proof of an evolutionary nature of Marshall's theory of economic change" (238). Industrial organization and the district are the concluding issues. Marco Bellandi enters into the details of Book IV of *Principles* and of *Industry and Trade* to show the significance of external economies in Marshall – considered "within a general framework of interpretation of tendencies in industrial organization of his time" (241) – and concludes with a glance at today's possibilities of public intervention in industrial organization. In the final chapter, Tiziano Raffaelli suggests that "the system of industrial organization called 'industrial district' was no appendix to [Marshall's] social thought but was directly connected to its core and constituted a specific way of dealing with the growth of capital that was inherent in economic progress" (254). There is an explicit link between this essay and the model worked out by Dardi in chapter 6. Both authors aim to "solve the puzzle of the relations between mechanical and biological explanations in Marshall thought, so often "taken as a sign of indecision, eclecticism or irresoluteness" (259). The evolutionary model employed by Raffaelli, based on the pair "innovation-automation which follows the pattern of the Darwinian pair, variation-natural selection" (258) makes it clear that "though Marshall is often credited with preferring big integrated business, it appears that his social philosophy leans towards other types of co-ordination, in which individuals can be active subjects of co-evolution" (264).

There are many possible approaches to Marshall's pervasive, all-inclusive way of thinking. Nevertheless it is possible, perhaps at the cost of some rough simplification, to pick out two major lines of interpretation emerging from the book. Some authors, such as Arena, Quéré, and Hart, openly emphasise Marshall's discrepancies and inconsistencies, sometimes praising Book IV (and *Industry and Trade*) at the expense of Book V. This is much the same as going backwards along the path indicated by Samuelson, in order to rescue what neoclassical theory too light-heartedly and uncritically threw away. The assumption underlying this approach seems to be the existence of irresolvable analytical difficulties at the heart of Marshall's research, so that it is only by pointing to a feasible "middle way" that a way out can be conceived. A different reading is suggested by Loasby, who, rather than stressing the inconsistencies deriving from the coexistence of a theory of stable equilibrium with different, more biological aspects, points out instead that there is at least the possibility of underpinning a new and more "appropriate theory" (217) on the whole of Marshall's ideas. Dardi and Raffaelli, who may be said to form a minority party, follow up this clue with their investigation of Marshall's thought as a coherent whole. For a criticism of neoclassical economics, the majority party certainly has much to say. In the quest for a thorough study of Marshall, the minority position may be better suited. However, there is no need to immediately exclude one at the expense of the other, and it is enlightening to discover that ideas inspired and encouraged by Becattini can underlie both approaches.

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