Ernesto Screpanti and Stefano Zamagni, *An Outline of the History of Economic Thought*

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Ernesto Screpanti and Stefano Zamagni provide an erudite, thoughtful, and frankly partisan overview of the past and present of economic theory. Their "book is not directed to a specialist public, nor solely to a student audience. [They] also hope to reach the educated person, or, rather, the person who wishes to educate herself or himself" (p. vi). Screpanti and Zamagni are very successful in suiting their discourse to their target audience, although I fear that, at least in North America, they will miss the hoped-for student audience. I would recommend this book with enthusiasm to a colleague from another social science or the humanities, with prior exposure to at least introductory and preferably intermediate undergraduate economics, who sought insight into economics and its development. Any undergraduate class in the history of economic thought with which I have been acquainted, however, would rebel at the book's combination of wide coverage, conciseness, and theoretical depth. Graduate students at the leading mainstream economics departments in North America would, alas, be more likely to be tempted to the history of their discipline by the mathematical restatements of the theories of a handful of the eminent dead by Brems, Negishi, or Niehans, than by the present book.

Screpanti and Zamagni manage to avoid the common pitfall of implying that the history of economics ended some time ago, and that contemporary theorizing is no part of a historical process. About half of their book, five chapters out of eleven, is devoted to the last sixty years, with emphasis on the diversity of possible theoretical syntheses. The introduction, after discussing possible approaches to intrepreting the history of economics, presents "Our Point of View", recognizing evolution in economic theory, but denying that it is unidirectional: "above all, we deny that the key to understanding the process must necessarily be provided by the theories which are in fashion today" (p. 8).

Pre-mercantilist thought is covered very briefly, and neither Ibn Khaldun or any other Islamic thinker is mentioned. The claim that "The economic ideas of Aquinas, and of scholasticism in general, have little scientific value and belong to the prehistory of economic science" (p. 17) appears inconsistent with the presentation of how such nominalist followers of Ockham as Buridan, Oresme, and St. Antoninus of Florence "made the first attempts at scientific reasoning in economics" (p. 23) unless scholasticism is redefined to include only Thomism. Sometimes, as with the listing of the names and dates of six forerunners of classical political economy (p. 35), and four followers of Petty (p. 37), and the names, dates and book titles of six late 18th century Italian economists (p. 48), the narrative of the first chapter on "The Birth of Political Economy" is so concise as to become an indigestible catalogue. It is a pity to list William Fleetwood among the followers of Petty without mentioning his computation of a price index (on p. 192, Irving Fisher, two centuries later, is called "the inventor of the index numbers", which he did not claim for himself). Appeal to students would be increased if the sentence describing Gregory King's Law relating the price of corn to changes in the harvest was supplemented with the actual numbers of King's (or Davenant's) example. A. N. Isnard should receive more than a tantalizing half-sentence remarking that in his 1781 treatise "there is, perhaps, the first rudimentary, though surprisingly modern, scheme of general economic equilibrium" (p. 48).

The Wealth of Nations is seen, as Schumpeter also considered it, as the culmination of a great theoretical revolution of 1750-80, begun by Cantillon, Hume, Galiani, and Beccaria. Screpanti and Zamagni note two distinct components of *The Wealth of Nations*, a macroeconomic surplus approach and a microeconomic theory of competitive equilibrium, and see in these the roots of later developments. A chapter on "The *Laissez-Faire* Revolution and Smithian Economics" is followed by chapters on "From Ricardo to Mill" (including Cournot, Dupuit, Gossen and von Thunen, and English monetary controversies), "Socialist Economic Thought and Marx", "The Triumph of Utilitarianism and the Marginalist Revolution" (Jevons, Walras, and Menger), and "The Construction of Neoclassical Orthodoxy" (Marshall, Wicksteed, Edgeworth, and Pigou, Clark and Fisher, the Austrian School and Wicksell, Pareto, Barone, and Pantaleoni).

In general, the level of theoretical discussion and the quality of exposition in these chapters are high, with some notable insights, such as that Marx implicitly assumed Say's Law of Markets in much of *Capital*, for all his explicit rejection of the law. Screpanti and Zamagni are particularly good on the marginalist revolution and in comparing Marshall and Walras. Occasionally, however, the compression of so many topics into so few pages causes slips. Malthus is held (p. 65) to have believed that "the number of mouths to feed increases at an exponential rate", whereas that is what he believed *would* occur *if* the means of subsistence were unlimited. His analysis of positive and negative checks explained why actual population would only grow in line with the arithmetic progression of increasing means of subsistence. Marx's definition of value as *socially-necessary* embodied labour time is not discussed, so Screpanti and Zamagni do not consider the point that labour embodied in goods is socially necessary only to the extent that the goods are demanded.

The chapter bibliographies are useful, but have some surprising choices and gaps. Five volumes of the Elgar *Pioneers of Economics* series, edited by Mark Blaug, are cited (pp. 42, 70-71), but none of the Croom-Helm (now Routledge) *Critical Assessments* sets edited by John Cunningham Wood. The listing for Locke (p. 42) omits Karen Vaughn's *John Locke, Economist and Social Scientist* (U. of Chicago Press, 1980), and the bibliography on Jevons (p. 175) includes only articles, omitting books by Edwin Eckard and Margaret Schabas. Marian Bowley's book on Nassau Senior is worth citing, even in a brief guide to further reading. Samuel Hollander's books on Smith and Ricardo are listed, but the bibliography for Mill (p. 117) skips Hollander's volumes on Mill, as well as citing the 1892 reprint of Mill's *Principles* rather than Mill's *Collected Works* (ed. J. M. Robson, U. of Toronto Press). The 1961 edition of Reghinos Theocharis's *Early Developments in Mathematical Economics* is listed (p. 70), even though the 1983 edition has more than a hundred pages of added material. W. Murray in the Marx bibliography (p. 144) should be Murray Wolfson. The bibliography on Adam Smith (p. 71) includes Jevons's *Theory of Political Economy* but not recent books on Smith by Spencer Pack and Edwin G. West, although an earlier book by West is listed. The Pelican abridgement of *The Wealth of Nations* is cited rather than a complete version, such as that in the Glasgow edition of Smith's works (available in an inexpensive Liberty Fund paperback printing). The seventh edition of Marshall's *Principles* is cited (p. 210) rather than the eighth, the last in his lifetime, or Guillebaud's variorum edition. Two chapters cover "The Years of High Theory". The first (chapter 7) considers primarily Keynes, Kalecki, and Schumpeter, along with some other topics in macroeconomic dynamics (the Stockholm school, the Harrod-Domar growth model). I was interested to learn (p. 222) that "Signs of a rudimentary but deep insight into the multiplier process can be found in Marx" in *Theories of Surplus Value*, Vol. II, ch. 7, sec. 12. Such a sense of how demand is transmitted between industries, without an explanation of why the multiplier effect is finite, also appears in Bagehot's *Lombard Street* and in Alfred Marshall and Mary Paley Marshall's *Economics of Industry* (1879), but Marx was earlier. Screpanti and Zamagni's account of the multiplier does not bring out, however, the crucial problem of showing that the multiplier process converges, that is, explaining why a minute increment of autonomous spending does not generate an infinite expansion of aggregate income and expenditure.

"Years of High Theory: II" covers interwar theories of market forms, general equilibrium, and welfare economics, the debate on economic calculation under socialism, and such alternate approaches as institutionalism and the reawakening of Marxist economics. The three chapters on "Contemporary Economic Theory", which constitute a great strength of the book in comparison with other comprehensive works on the history of economic thought, cover macroeconomics, microeconomics, and non-mainstream approaches. The macroeconomic chapter examines the neoclassical synthesis, the monetarist counter-revolution, non-Walrasian equilibrium models, Post-Keynesian and New Keynesian approaches, and a laundry-list of complaints against new classical macroeconomics. The microeconomic chapter discusses neo-Walrasian general equilibrium analysis (with sections entitled "Defeat on the grounds of uniqueness and stability" and "The end of a world?"), new welfare economics and economic theories of justice, and the controversy on marginalism in the theory of the firm and markets. The final chapter covers "new political economy" (neo-institutionalism, neo-Austrian school, public choice, economics of property rights, and game theory), Cambridge capital controversies and Sraffa, and neo- and post-Marxist approaches, with a final section on four unconventional economists (Galbraith, Georgescu-Roegen, Hirschman, and Goodwin).

Screpanti and Zamagni stand unabashedly with Kalecki and Sraffa against general equilibrium, monetarism, new classical macroeconomics, and marginalism. They have some provocative things to say, notably that "on the subject of value his [Sraffa's] work can be read in only one way: the *Prelude to a Critique of Economic Theory* seems to us just like a first chapter of *Capital* which Marx would have written if he had been a little less Ricardian and a little more Marxist" (pp. 407-8). Screpanti and Zamagni sometimes set higher theoretical standards for theories of which they disapprove, which makes them more searching and interesting as critics than as advocates. They reject general equilibrium analysis, because stability proofs have not been able to dispense with some assumption such as gross substitutability, asserting that "This simply means that an individualistic competitive economy *is not possible*, for it does not possess the necessary strength to reach equilibrium" (p. 351, emphasis in original). Their insightful discussion of problems of proving stability and uniqueness does not support this claim that lack of a proof of stability, except under strong assumptions, constitutes a proof of instability. This critique contrasts sharply with their defence of Sraffa against having to assume anything about returns to scale (even though it is "doubtful that a hypothesis different from that of constant returns could preserve the most important properties of Sraffa's theory") because Sraffa took the scale of production as given and "it is difficult to see why a theory should be evaluated on the grounds of the things it does not state" (p. 405). Economists do, after all, care about a world in which the scale of production is not a datum, and need not accept that returns to scale, marginal conditions, and any influence of demand on prices are irrelevant merely because Sraffa chose to take the scale of production as given. Why should Sraffa's system be treated otherwise than Screpanti and Zamagni would evaluate a new classical model whose conclusions depending as taking output as given?

To a remarkable extent, Screpanti and Zamagni examine the trends of theoretical discussion in isolation from consideration of how knowledge of the economy may be extracted from empirical data. The indexed references to econometrics lead to William Petty on political arithmetic in the 17th century, a bare mention of Fisher as a pioneer of econometrics, and a remark that Edgeworth's application of mathematics to economic theory fits an older meaning of the term econometrics. Tinbergen appears only as writing an article on the shipbuilding cycle (misdated to 1913 instead of 1931), Frisch only for an attempt to formalize an intertemporal general equilibrium model, Koopmans only for activity analysis, and Haavelmo and Stone not at all. The Keynes and Friedman critiques of Tinbergen's *Statistical Testing of Business Cycle Theories* are unmentioned, nor is the abandonment of the simple Keynesian consumption function (pp. 300-01) related to its failure to predict the post-World War II surge in US consumption. Recent histories of econometrics by Roy Epstein and Mary Morgan would be worth citing.

Surveys of business pricing practices by Hall and Hitch and by James Earley receive favourable mention, and Screpanti and Zamagni note the empirical work of Friedman and Schwartz, but in general the possibility (or otherwise) of empirical influence on theory-formation gets little attention.

The contributions of women to economics, apart from Joan Robinson and Rosa Luxemburg, hardly appear, although more than in other textbooks on the history of economic thought. Jane Marcet and Harriet Martineau are not mentioned as best-selling popularizers of classical political economy, Karin Kock is left out of the section on the Stockholm school, and the relative-income consumption hypothesis, first published by Dorothy Brady and Rose Friedman, is attributed solely to the later publication of James Duesenberry. The discussion of Veblen and institutionalism ignores Charlotte Perkins Gilman. The list of leading neo-Austrians omits Sudha Shenoy and Karen Vaughn. Olga Bondareva is not mentioned in the section on game theory. There is one reference to Mary Paley Marshall as coauthor of *The Economics of Industry* and one to Anna J. Schwartz as coauthor of the *Monetary History of the United States*. Edith Penrose's *The Theory of Firm Expansion* is discussed (p. 376), an article by JoAnna Gray is cited (p. 336), and Janet Yellen appears in two lists of names (pp. 336, 337), all three under their initials without indication of gender. One cannot object that Hazel Kyrk, Elizabeth Hoyt and Margaret Reid (as yet, the only female Distinguished Fellow of the A. E. A.) are not cited as precursors of the new home economics, since Gary Becker is not mentioned either.

On one point, Screpanti and Zamagni are overly discreet. They discuss the work of Chayanov, Kondratiev and Feldman (pp. 288, 291-92) without noting (beyond the implication of Kondratiev's death date) that they died in Stalin's purges. Naum Jasny's book, cited in the chapter bibliography (p. 294), documents the destruction of Chayanov's Agricultural Economics Institute and Kondratiev's Conjuncture Institute upon their arrest as supposed leaders of a Working Peasants Party.

Notwithstanding some critical points raised above, I congratulate Professors Screpanti and Zamagni on their readable, sophisticated, and thoughtful overview of the history of economic theory. Their work is particularly valuable for showing that contemporary economic theory is part of a historical process of economic theorizing and for stressing the diversity of possible approaches. Even though their book is not short, I wish that it were half again as long, with another hundred pages to make their existing discussions less terse, and a hundred pages for topics not already covered, notably the thorny issue of the interaction of economic theory and empirical data.

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