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Jonathon Conlin, *Great Economic Thinkers: An Introduction from Adam Smith to Amartya Sen*, Reaktion Books, 2018, 311 pp. $30 Hardcover

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Abstract. Every generation of economists builds on its forebears and as the field develops. Colins uses a variety of views, leading to a more comprehensive perspective on the history of economic thought. Standard and new scholars in the history of economic thought are considered. Mathematics, econometrics, and deduction are leading tools in the economic tool kit. Nonetheless, to keep the history of economic thought as a vital tool in the economic methodology, economics is enriched by the inductive, historical perspective.
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Book review

Every generation of economists builds on its forebears and as the field develops, economistsmust put previous economic work into context of the current economic lexicon. Like other sciences, there is a rich history of economic thought that informs and shapes the discipline and the future research directions it will take. It is against the backdrop of the evolving field of economics that Jonathon Colin takes a novel editorial role to examine the history of economic thought. Rather than selecting only scholars who are pre-committed and agree with historical figures, Colins uses a variety of views, leading to a more comprehensive perspective on the history of economic thought.

Classical economists were the first that grappled with the core ideas in contemporary economics, and it istheir ideas that are revised the most. None are more examinedthen Adam Smith. From the 1940s through 1980s, Friedman, Stigler, and the Chicago School interpreted Smith with their brand of neo-classical free-market economics. However, by the 1990s, cracks appeared in rigid Chicago price-theory andtheir Smithian interpretation. The issue is the *Theory of Moral Sentiments* and its inconsistency with the *Wealth of Nations* in what Stigler called Smith's "granite of self-interest." Nonetheless, *Great Economic Thinkers* gives justice to Smith and the Chicago School to include the Smith Problem with its

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reckoning between empathy and self-interest. Ricardo extended Smith's views on trade with comparative advantage. He also conjectured that taxpayers may see through a tax cut in the current period that would have to be repaid in the future, thereby making a tax cut in the current period ineffective. *Great Economic Thinkers* takes a novel spin on John Stuart Mill by focusing on his economic development views and the Industrial Revolution. Mill perceived cooperatives to coordinate relationships through labor-managed firms. Nevertheless, an important yet neglected Milliancontribution is his influence on Alfred Marshall.

Great Economic Thinkers addresses the iconoclastic classical economist, Karl Marx, and any understanding of Marx is based in his materialistic ontology and his Theory of History. A product of the Industrial Revolution, Marx's economic theory is based on class struggle between the bourgeois—upper class—and proletariat—lowerclass. Property rights and their initial allocation are principal Marxian concerns. It is the tensions between physical and social modes of production that lead to economic transitions, and revolution occurs when physical exceed social modes of production. The result is revolution, and much of modern Marxian economics is concerned with various revolutions. This process played itself out during the 2008 financial crisis, when large banks received capital injections from the federal government. Capital and wealth concentrated, which led to the political unrest that continues through the present day.

Among the intelligentsia of the late 19th century, Marx's concerns over inequality was the academic question of the time and among the foremost neoclassical economists—Alfred Marshall's—early concern was with the distribution of resources coupled with the law of diminishing marginal utility. Influenced by Mill, Marshall went onto formalize elasticity, supply, demand, and equilibrium relationships that are the core of contemporary mainstream economics. Furthermore, the Cambridge School of economic's, Pigou and Keynes, Marshall's students, went onto revolutionize economics with welfare and macroeconomics. Pigou used early welfare tools developed by Marshall to extend them into externalities and contemporary environmental economics. Keynes extended Cambridge economics concern over inequality into the trade cycle, monetary, and fiscal policy. However, neither abandoned Marshall's early concern over the distribution of wealth, influenced by Marx.

Joseph Schumpeter and F.A. Hayek are two contemporaries at the end of the Cambridge school, and both were Austrian economists with convictions that market processes were, in general, preferred to the heavy hand of government that takes overly active roles addressing the trade cycle. Schumpeter's objective was to explain how economics evolved due to endogenous innovations. To Schumpeter, the entrepreneur and creative destruction led to growth, and Schumpeter, and later Hayek, rejected Keynesian economics.

Like other economists of the early 20th century influenced by the Cambridge School, Milton Friedman was influenced by the prevailing

Keynesian economics but soon became disillusioned by large government interventions. Where the prevailing Keynesian economics held that “animal spirits” and the marginal efficiency of capital are behind macroeconomic fluctuations and the trade cycle, Milton Friedman later rejects the aggregate demand explanation of the business cycle. To Friedman and Swartz, it is money that is the key factor in business cycle theory, and money explains the Great Depression. Rather than opting for demand-side measures, Friedman revived interest in the supply-side, which led to neo-classicism, rational expectations, and rules-based macroeconomics. When it was all but clear that market processes and supply-side responses werelegitimate means of organizing production, Friedman’s support for neo-classical, supply-side measures evolved into a political philosophy that anointed him as the leading advocate for market economics. Furthermore, Freidman used his spotlight to examine the economic methodological approach and advocated that a model’s assumptions need not be realistic to serve as a scientific theory but that model predictions are the measure for model validity.

Conlin does not stop with historically great economic thinkers but extends his study into more recently evolved economic methodologies that are revolutionizing economic thought. Whereas equilibrium, comparative statics, and mathematical economics explain specifics of changing economic systems, game theory explains the process by which markets, and market participants respond to mechanism design and exogenous shocks. Princeton’s John Forbes Nash was the mathematician that refined the economic approach with greater understanding for game theory and how markets function and operate. Deviating from the rigid rationality assumptions to explain individual choice, Daniel Kahneman notices that the predictions of rigid demand-side rational microeconomic prediction are frequently violated, which leads to behavioral economics. From a Georgist perspective, Joseph Stiglitz is considered with his concern over income distribution and international trade, with his various high profile administrative positions that include the World Bank and US Council of Economics Advisers.

Mathematics, econometrics, and deduction are leading tools in the economic tool kit. Nonetheless, to keep the history of economic thought as a vital tool in the economic methodology, economics is enriched by the inductive, historical perspective. Robert Heilbroner contributed a considerable amount with the *Worldly Philosophers*. Roger Spencer and David Macpherson’s *Lives of the Laureates* similarly contribute to the history of economic thought as an important tool in the application and development of economics. Unlike *Worldly Philosophers, Live of the Laureates* updates the list of great thinkers, and our discipline is improved with the addition. Like *Lives of the* Laureates, an ongoing volume that keeps well-diversified perspectives, long-standing scholarship of Smith and the classicals through new and novel perspectives who contribute to the core of economic thought. Perhaps Conlin will similarly allow his *Great Economic*

Thinkers to evolve into such a franchise, and economics is improved by continuing to develop as mathematical, rational, and deductive discipline, counter-balanced with the inductive, historical approach.

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