

Carl Wennerlind and Margaret Schabas, eds., *David Hume's Political Economy*. (London: Routledge, 2008), pp. xiii, 378, \$160. ISBN 978-0-415-32001-6.

As the editors of this volume note, a comprehensive consideration of Hume's contributions to the emergence of political economy in its historical and philosophical context is long overdue. Eugene Rotwein's masterly "Introduction" to his edition of Hume's economic essays remains the industry standard (1955). In an attempt to fill this lacuna the editors first organized a workshop on Hume, which took place in May 2003 at Barnard College in New York. This book is the product of that workshop. In my view it is an outstanding collection and should be widely read by historians of economics. The contributions are uniformly excellent in their scholarship, and the book as a whole is a worthy successor to Rotwein. All significant aspects of Hume's thought, from his analytical contributions in the specie-flow mechanism and monetary theory to the larger political/philosophical issues thrown up by the development of commercial societies in Europe, receive careful treatment. Just as Adam Smith scholarship in recent years has seen a movement toward placing his economic thought into the context of his moral philosophy, there has been a similar move among Hume scholars, to which the editors of this volume have been important contributors. Except as they note in their "Introduction," while Smith scholars have gone from the economic to the moral philosophy, Hume scholars are doing the reverse, correcting a long-standing neglect of his economics (p. 3).

The editors have done an excellent job of organizing the contributions into a coherent whole. There are thirteen contributions placed within three broad groupings. First there are two historical/biographic papers, which place Hume's political economy into the context of his own life and the Scotland of his day. There follows three papers on the interplay between the passions and manners and morals on one hand and the development of commercial society on the other. The third grouping consists of four essays on Hume's monetary theory, and the fourth looks at Hume's cosmopolitanism, particularly with respect to the transmission and influence of his ideas in France. Istvan Hont's monograph-length chapter on the "rich country-poor country" debate draws together many of the themes of the previous chapters, and concludes by showing the relevance of the debate for contemporary debates over globalization and trade liberalization.

As I said at the outset, this is a high-quality collection of papers. Each one is worth careful study, and it is difficult in a short review to single out one or two contributions for more specific comment. Carl Wennerlind's essay on monetary theory, for example, reads as the last word on the subject, as he seems to have persuasively solved the paradoxes surrounding Hume's pronouncements on the impact of changes in the money supply and the desirability of a continuously rising price level. Moreover, there is virtually nothing to complain about. One minor quibble would be that by the time the reader gets to Istvan Hont's paper at the end the material there on the French translations of Hume's essays has already been covered by at least two previous essays. But this is a minor point, and one which is relevant only if one reads the book straight through in order.

As one who is interested in Adam Smith's use of the philosophical arguments of Hume's *Treatise of Human Nature*, particularly its theory of conventions and artificial virtues, I found C. George Caffentzis's essay on the philosophical underpinnings of

Hume's monetary theory particularly interesting. Caffentzis argues that there is an important connection between the *Treatise* and Hume's monetary theory. In particular, he notes that Hume distinguished between metallic money, which has a "fictitious value" and paper money, which is "counterfeit" (p. 149, quoting Hume; italics in original). Caffentzis notes that this sounds a lot like the distinction that Hume makes in the *Treatise* between "natural" and "artificial" fictions. The mind engages in the former all the time as it attempts to construct meaning out of the array of impressions it receives. Thus, some of the most basic things that order the world we live in—such as time, continued existence of objects, even the self—are natural fictions for Hume. We believe in the continued existence of objects even when we are not currently receiving sense impressions from them, because the mind enlivens the memory of the object—a fiction—such that we believe it continues to exist. Myths, art, and literature (and religion for Hume), however, are artificial fictions, but they can be "transformed into beliefs by being 'counterfeited' as ideas of memory . . . through artful repetition or through being placed in 'truth-like' contexts. . ." (p. 155).

The crux of the argument, then, is that Hume's treatment of metallic money as having "fictitious value" falls under the category of being a "natural fiction," while paper money's status as counterfeit arises out of an "artificial fiction." The significance for monetary theory is that the former arises through convention, while the latter depends on the making and keeping of promises. The quality of a metal as being money is the result of a social convention to accord value to it. This is a fiction, but a natural one of the sort that the mind is accustomed to construct all the time. The ability of paper money to do the same thing depends, not on these natural propensities of the mind, but on the promises the issuer of paper money gives to the recipient. Its quality as money then depends on the quality of these promises, and abuse is not only possible, but likely. Thus, Caffentzis concludes, Hume's distinction between metallic and paper money is actually a philosophic one, not purely a technical one (p. 165).

I was also especially struck by Hont's long concluding chapter on the "rich country–poor country" debate in the eighteenth century, and Hume's place in it. The concern was that commercial development was ultimately a self-destructive process such that commerce would inevitably follow a cycle of growth and decay, as rich countries would eventually see industry and money flow to the low-wage poor country. The debate had many facets and recurred in different contexts, but the essay concludes by contrasting Hume's considered opinion with Adam Smith's views in the *Wealth of Nations*. What is particularly interesting here to the historian of economic thought is that Hume is treated as a forerunner of the theory of comparative advantage and modern theories of product cycles, while Smith is treated as a champion of technology, urbanization, and factory production. Thus, while Smith relied on the productivity enhancing capability of rich countries to grow and escape the cycle of growth and decay, Hume placed greater emphasis on the idea that rich countries, through human capital formation, could specialize in those refined products of highly skilled labor, while poor countries specialized in products of relatively less skilled labor. Seen in this light Hont concludes that "Today it looks like Hume's insights have been more valuable in the long run and that skill, human capital and flexibility hold the key to the survival of rich nations" (p. 317). However, the positions are clearly not mutually exclusive. Manufacturing processes have, as Hume foresaw, been increasingly outsourced to poor countries. However, Smith's emphasis on increasing

returns and productivity growth are still very much part of the rich-country strategy for continued economic growth. Thus we conclude this very fine book with the realization that Hume's thoughts on economics can be brought into modern debates "with considerable force" (p. 317).

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REFERENCE

Rotwein, Eugene, ed. (1955). "Introduction" In *David Hume; Writings on Economics*. Madison: University of Wisconsin Press.

Gordon Fletcher, *Dennis Robertson: Essays on his Life and Work* (Basingstoke and New York: Palgrave Macmillan, 2007), pp. vii, 192, \$94.95. ISBN 978-0-230-01905.

Gordon Fletcher has spent more than 20 years worrying about Dennis Robertson, first as one of the many critics of the Keynesian Revolution but more recently as a figure in his own right. This volume is intended as "a readable introduction to many facets of his life and thought" (p. 2). The raw material for this "introduction" is a series of "essays" extracted from various sources: his two books *The Keynesian Revolution and its Critics: Issues of Theory and Policy for the Monetary Production Economy* (1977; 2nd ed. 1979) and *Understanding Dennis Robertson: The Man and His Work* (2000); his Liverpool PhD dissertation *Understanding Dennis Robertson: A Biographical and Literary Study of the Relationship between the Man and His Work* (2000); an "unedited" version of his entry on Robertson for *The Biographical Dictionary of British Economists* (ed. D. Rutherford, 2004); three Japanese lectures dating from 2004; two papers presented at the European Society History of Economic Thought in 2004 and a Japanese meeting on the Cambridge School in 2003; and one University of Liverpool Discussion Paper dating from 1996. The author claims that the "collection has been edited as necessary to produce a harmonious whole" (p. 3). Such are the raw materials and the author's own view of their arrangement.

The volume provides a good picture of the evolution of Fletcher's ideas and of his continuing engagement with Robertson's (and Keynes's) commentators and critics. The basic biographical argument is that of *Understanding Dennis Robertson*: from his undergraduate days Robertson was unhappy with himself and his position in life: he experienced a sense of hopelessness and his career represents an attempt, ultimately unsuccessful, to find a happier self. It inevitably provides, if rather "bittily" and repetitively, a discussion of the evolution of Robertson's own ideas, and their relationship to John Maynard Keynes's at various stages. The discussion corrects some errors in the 2000 book, but is still weak on Robertson's career before 1914, notably his links to Norman Angell, his ideas, the attempts to give them institutional shape, and their confrontation with the events of August 1914. The biographical discussion of the 1930s and 1940s is, as well, still in need of some fleshing out and