

real. Although in some pages there is an excess of self-reported information, Leonard manages it in a careful and attentive way, and this is what makes the book enjoyable and interesting at the same time. Sometimes, this approach leaves economic theory in the background. But Leonard is not one of those historians who speak directly to theorists. He is a captivating storyteller who thinks that history is not made of abstract concepts and theoretical models. Probably, what is missing in the book is a more vivid awareness that the history of game theory did not follow the course that von Neumann and Morgenstern envisioned. But this is all the subject of a book to be written when enough time has elapsed to gain a more complete picture of such a recent and controversial history.

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Agnar Sandmo, *Economics Evolving. A History of Economic Thought* (Princeton and Oxford: Princeton University Press, 2011), pp. vii, 489, \$45.00. ISBN 978-0-691-14842-7

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In his controversial book, Professor Sandmo reshapes both the traditional boundaries and the substance of our discipline, taking an unequivocal position on the future of the history of economic thought (HET). In his view, historians ought to focus simply on informing modern economists about the internal dynamics of their subject, in order to stimulate a better understanding of current economic theory, since “It is clearly undeniable that economics has many of the features of a cumulative science” (p. 5), and, therefore, that “What is true of the past is true of the present” (p. vii). Consequently, one should focus primarily on those authors who are readily understood by (and/or compatible with) contemporary economists, while representing others in their appropriate roles as mere historical reporters.

The author’s style is remarkably clear, sober, and rigorous: the use of graphs and algebra is reduced to a minimum, and the language is deliberately non-technical and highly readable. Moreover, the author takes a commendable scholarly attitude, frequently using quotations from original sources, while each chapter contains a valuable reference to suggested readings.

Professor Sandmo’s historical discourse explores the development of economics in nineteen distinct chapters. Chapter 1 deals with the methodological assumptions of HET; Chapter 2 describes the works of pre-Smithian authors; chapters 3, 4, and 5 are dedicated to the Classical School (Adam Smith, David Ricardo, T.R. Malthus, and J.S. Mill); Chapter 6 delves into Karl Marx’s theory; chapters 7, 8, 9, and 10 analyze both the forerunners (J.H. Thunen, A.A. Cournot, Jules Dupuit, and H.H. Gossen) and the first generation of marginalists (W.S. Jevons, Carl Menger, Léon Walras, and Alfred Marshall); chapters 11 and 12 examine the second generation of marginalists (F.Y. Edgeworth, Vilfredo Pareto, A.C. Pigou, Knut Wicksell, and Irving Fisher); Chapter 13 considers the theoreticians of imperfect competition (Thorstein Veblen, E.H. Chamberlin, Harold Hotelling, Heinrich von Stackelberg, Frederik Zeuthen, and

Joan Robinson); Chapter 14 covers the socialist calculation debate (Oskar Lange, Abba Lerner, Ludwig von Mises, Friedrich von Hayek, and J.A. Schumpeter); Chapter 15 focuses on John Maynard Keynes; Chapter 16 investigates the birth of econometrics (Ragnar Frisch and Trygve Haavelmo); chapters 17 and 18 handle the post-war period (J.R. Hicks, Paul Samuelson, K.J. Arrow, John von Neumann, Oskar Morgenstern, Milton Friedman, Robert Solow, and J.M. Buchanan); and, finally, Chapter 19 details the author's conclusions.

A general evaluation of the book's chapters is difficult in light of both Professor Sandmo's methodological assumptions and his subsequent selection of the authors he deems worth studying.

In particular, a final judgment will vary considerably, depending on how one categorizes the book, and, on that basis, what are its declared and implicit goals. The most controversial question, therefore, becomes whether it should be treated simply as a *book* in the annals of the history of economic thought—whose focus is the historical evolution of current (mainstream) economics—or a *manual* for the history of economic thought, intended to be an introductory and comprehensive guide to our discipline.

As a *book* on the history of economic thought, *Economics Evolving* legitimately can be regarded as an excellent work, which both captures the quintessence of marginalism and neoclassical economics, and describes their historical evolution in a systematic and extremely lucid way (including, in addition, a comparison with some non-neoclassical economists).

Above all, chapters 7–9 display the core of the author's interpretation, which is particularly detailed and convincing as he emphasizes how the precursors of the Marginalists were both contemporaneous with, and distinct from, the Classical School. Professor Sandmo, therefore, seems to be skeptical about the widespread idea of a marginalist 'revolution,' implicitly stressing the crucial role played by scholars from other disciplines such as mathematics and engineering in the birth of the new paradigm.

However, this reviewer's impression is that the author's ambition is much broader than this, as he seems focused on making a clean break and setting a new standard in the field of HET manuals. Once we take this into account, the evaluation of the book clearly changes.

Firstly, the quality of some chapters dealing with non-neoclassical authors does not measure up to the rest of the book and, above all, is not successful in communicating the essentials of these topics to non-professional readers. Secondly, as a consequence of his (radical) cumulative idea of economics, the author underestimates and even ignores some 'giants' of our discipline (e.g., Hayek and Schumpeter on the one hand; and Piero Sraffa, Michal Kalecki, and Hyman Minsky on the other) in favor of some debatable 'unsung heroes' of the past, rendering it scarcely compatible with current mainstream economics.

More significantly, the general features of our discipline portrayed by Professor Sandmo are, at best, questionable, since they imply a HET completely submissive to contemporary (mainstream) economics and purely auxiliary (and/or justificatory) to its purposes. Furthermore, given the precarious state of traditional economic theory in the face of the global crisis, one could legitimately question the intent and timing of such a radical choice.

Given these premises, this reviewer's criticism is focused particularly on four distinct aspects of the book.

In Chapter 2, the author analyzes the pre-Smithian economists. However, as a consequence of his hard-line 'cumulativism,' he draws quite paradoxical conclusions: in what sense can we affirm that *Genesis* contained an example of "price formation as a result of the interplay of supply and demand" (p. 16)? Or that in Aristotle's works we find "an early statement of the principle of diminishing marginal utility"? (*Ibidem*)

Again, under what assumptions can the author claim that Richard Cantillon was "the first to formulate a general equilibrium model of the economy" (p. 21), or that A.R.J. Turgot anticipated the concept of marginal productivity (p. 27)?

In light of similar statements, the entire chapter can be regarded, at best, as an intellectual provocation aimed to show the validity of the neoclassical theory outside its traditional boundaries. However, it offers little of value—and is even misleading—for any undergraduate student or non-professional reader who approaches these topics for the very first time.

From this reviewer's point of view, the same can be said of Chapter 6, whose declared intention is to deal with Marx *as an economic theorist*. This notwithstanding, the author's original sources are then selected quite arbitrarily. For instance, he completely ignores both the *Contribution to Critique of Political Economy* and the *Grundrisse* in favor of the most political of Marx's book, the *Communist Manifesto*. Therefore, the entire Marxian theory is presented—in a rather confusing way to boot; see, for instance, the use of the terms *profit* and *surplus value* (p. 126)—as a sort of naive economic vulgate, which knowingly contained several errors, since "it is not necessarily the most rigorous and logical economic theories that succeed in manning the barricades" (p. 135). Whether one agrees with Marx or not, such a judgment seems somewhat disrespectful when passed on the first economist to elaborate an endogenous theory of the business cycle, and, above all, on the first historian of economic thought (see Marx's *Theories of Surplus-value*, 1861).

A further point of disagreement with the author's view arises in Chapter 4, dedicated to Ricardo. While emphasizing Ricardo's proximity to modern mainstream economists, Professor Sandmo pushes the analogy a little too far, affirming that "Ricardo reasons in terms of theoretical models" (p. 73). From this perspective, the author's interpretation is (legitimately) some distance from the 'official' one provided by Sraffa in the *Collected Works*. However, a manual in HET should at least offer a certain degree of pluralism, and inform the reader that this is not the only way one can interpret an important author such as Ricardo.

Finally, the author's highly skilled exposition is, at times, depreciated by a series of sharp and apodictic judgments (usually broadly political), which are arguably out of place in a manual. From this reviewer's point of view, the most controversial are the accusations of provincialism (pp. 236 and 302) directed at the English economists, and the simplistic equation that Nazism = Socialism, according to which the author compares the Nazi SS von Stackelberg to Lange, since the latter was a "political supporter for a communist dictatorship" (p. 321). This completely ignores the several harsh critiques of the USSR made by the Pole, and his subsequent academic ostracism in Socialist Poland until the advent of de-Stalinization in 1956.

All these open questions inescapably undermine the book's quality: despite its aforementioned merits and the remarkable clarity of the author's style, *Economics Evolving* is neither an exhaustive nor a convincing manual in HET. Naturally, the final judgment would differ significantly if we simply classified it as 'just another book' in the annals of the 'History of Neoclassical Economics': to this extent, it would certainly be both provocative and useful. Unfortunately, this was not the choice of Professor Sandmo, whose goals are consistently more ambitious. In this reviewer's eyes, he did not succeed in achieving them. Nonetheless, several parts of the book clearly show that the Scandinavian remains one of the most influential living European economists.

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Eugen Maria Schulak and Herbert Unterköfler, *The Austrian School of Economics: A History of Its Ideas, Ambassadors, and Institutions* (Auburn, AL: The Ludwig von Mises Institute, 2011), pp. 244, \$17.00. ISBN 978-1-610-16134-3.

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Eugen Maria Schulak and Herbert Unterköfler have produced in this book a concise and accessible—though eminently scholarly—history of the “Austrian” school of economic analysis. The text is a translation of a German-language edition, which appeared in 2008. The book is divided into small but dense chapters addressing the most significant developments and persons within Austrian economics. As opposed to narrower studies of the academic contributions of the school, this book is a broader and more colorful portrait of “its ideas, personalities, and institutions” (p. xvi). Therefore, it contains not merely summaries of the major contributions and conflicts of the Austrian school, but a wealth of biographical and historical information as well.

Schulak and Unterköfler first describe the intellectual and cultural milieu of late nineteenth and early twentieth-century Vienna, describing the “tension-filled polarity of tradition and avant-garde, faith in progress and pessimism, and love of life and yearning for death that was to become fertile soil for Viennese art, literature, music, and science” (p. 6). This paradoxical Vienna was the setting in which the Austrian school was born and first flourished.

Although histories of the older Austrian school often focus on the triumvirate of Menger, Böhm-Bawerk, and von Wieser, Schulak and Unterköfler chronicle the contributions of many other students of the early Austrians (particularly those of Menger). The older Austrian school was much larger than its three most eminent economists, and contained significant insights into, and extensions of, the value theory put forward by Menger. Emil Sax, to some extent both a competitor and follower of Menger, receives his own chapter. Twelve students who received their *Habilitation* under Menger are also discussed, as well as a handful of minor writers. Schulak and Unterköfler emphasize the importance of these oft-dismissed scholars, not only for the development and spreading of Menger's ideas, but also for their roles in Austrian politics and government.