

Lars Magnusson and Bo Stråth, *A Brief History of Political Economy: Tales of Marx, Keynes and Hayek* (Cheltenham, UK, and Northampton, MA: Edward Elgar, 2016), pp. xxix + 165, £70 (hardcover). ISBN: 9781785369049.

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There are different ways of being a great economist. There are some economists who have pioneered fascinating fields of research but whose name is hardly known outside the narrow boundaries of the economic profession. There are others whose contributions have made a lasting impact on the political debate of their times and have willy-nilly become an icon, an unavoidable point of reference for friends and foe alike. Karl Marx, John Maynard Keynes, and Friedrich von Hayek all belong to this latter category. In their condensed and thought-provoking book, Lars Magnusson and Bo Stråth have selected these three great masters of the past as their (and their readers') guides and narrators, like Virgil and Beatrice with Dante in the *Divine Comedy*. Unlike the Italian medieval poet, Magnusson and Stråth's journey unfolds through a much more mundane field and covers the almost two centuries stretching from the emergence of factory production and the social question in the early decades of the nineteenth century to the present-day Great Depression.

In addition to a prologue and an epilogue, the book is comprised of three chapters—"The Tale of Marx," "The Tale of Keynes," and "The Tale of Hayek"—and an analytical and name index.

The first chapter describes how the emergence of industrial capitalism, with its new kinds of asset property, work organization, and social and political relations, has wiped away the old world of feudal castles and craft production. New social actors appear, such as waged-workers and trade unions, and new socio-economic phenomena such as mass urbanization and mass unemployment require scientific explanation. For Magnusson and Stråth, the analytical categories of the Classical economists are not equal to the task of providing a convincing and authoritative master narrative for this new world. Accordingly, they make use of the Marxian tale to illuminate the historical events and political debates of the second half of the nineteenth century, Richard Cobden's fight for free trade, the establishment of colonial empires, huge international migration flows, and the rise of country-specific ways to socialism and social security systems. Great care is devoted to compare and assess the different approaches to the social question, the top-down one of legislative reforms driven by the traditional and bourgeois elites concerned with social unrest and political turmoil, and the bottom-up one of the revolutionary workers' elite inspired by Karl Marx and Friedrich Engels.

With WWI putting an abrupt end to the "long nineteenth century," the dominance of Marx's tale starts declining. The time for a new master narrative is ripe. Chapter 2 starts from the 1919 peace conference of Versailles and a yet-not-so-famous John Maynard Keynes writing *The Economic Consequences of the Peace*. While, in Marx's worldview, the future belongs to the working class, in the age of Keynes, the nation-state is the main character in the social drama. Magnusson and Stråth outline the rise to dominance of the economic role of state planning and regulation, starting from the post-1929 scenario. In Keynes's world, state-driven demand management through monetary and fiscal policies would guarantee full employment to workers and an easy outlet to entrepreneurs. State-backed confidence in a bright economic future would assist the mass consumption required to support the mass production induced by scale economies. While a special focus is devoted to the making of the Bretton

Woods agreements and the new international financial order based on a gold-pegged dollar, despite Keynes's proposal of a world currency, *bancor*, the main historical events of the 1950s, 1960s, and early 1970s are analyzed through Keynesian lenses. I refer to the postwar reconstruction and the Marshall Plan, the Cold War scenario, the emergence of various forms of welfare state as an antidote against the spread of Communist sympathies in Western countries, the process of decolonization, and the growing awareness of the dire human conditions of *les damnés de la terre* in the Third World.

The apparently unquestioned success of Keynes's tale in Western countries brought with it the seeds of its own destruction. The excessive expectations generated by the credence in a stable Phillips-like trade-off between inflation and unemployment that could be deployed to deliver the desired macroeconomic outcomes led to widespread disillusion when the Western countries were visited by both inflation and mass unemployment in the second half of the 1970s. Moreover, in the early 1970s, the international monetary system ruled by the Bretton Woods agreements collapsed after Richard Nixon's refusal to peg the dollar to gold. Accordingly, the third chapter depicts the resurgence of (neo)liberal views championed, among others, by Hayek. While, in Marx's and Keynes's tales, the main social actors were the workers' class and the state, respectively, in the Hayekian world it is the individual economic agent and her/his free market behavior and relationships that claim the center scene. The new keywords are market competition, economic freedom, deregulation, and supply side economics. Magnusson and Stråth point out how, in the EU, the Lisbon strategy for a knowledge-based and highly competitive economy is imbued with Hayekian influences. Yet, they do not fail to detail how Hayek's victory over Keynes (and Marx) is at best a partial one, since European welfare states have been reformed but not abolished or dramatically reduced, as the new neoliberal mantra would dictate. Moreover, the financial crisis triggered by the 2007 collapse of the US subprime mortgage market and the ensuing European sovereign debt crisis have significantly shaken the trust in the free market gospel, though neoliberalism is still far from being dethroned, both in public and in academic debate.

In the epilogue, the two authors tackle the problem of identifying the likely main features of a new tale for the post-Great Depression world. The economic forces disembedded by the neoliberal turn of the last thirty years have shaped a world where some formerly underdeveloped countries, such as China and India, are quickly catching up to the traditional rich countries; but where intra-state economic inequalities between a new exclusive class of 'superstars' and a booming class of new poor are becoming too big to be further ignored. Most likely, the tale of the future will call for a new discipline for today's unleashed economic forces, but how the latter have to be re-embedded is still far from clear.

The particular message of this book is that modern economic history may be fruitfully reconstructed and assessed against the backdrop of the vision and analysis of a few great economists. The book shows how a given 'tale' or master narrative has become the dominant one in a given epoch, how it has lost its status and credit because of both internal contradictions and external events and has progressively been replaced by a different one. Thus, this book provides a systematic and consistent application of Keynes's oft-quoted passage on the overwhelming power of ideas over vested interests in shaping, "for good or evil," the economic fortunes of mankind.

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