

and from successful experiences from other economies that are founded on a bottom-up, community-based, regional approach to sustainable development.

Time and uncertainty also play a key role in this transition, and the author laments they are not dealt with in a satisfactory way in the existing literature. Keynes's focus on uncertainty, through the emphasis he made on the susceptibility of investment decisions to opinions or conventions, is incorporated into the theoretical framework in order to pinpoint the most (and least) favorable conditions in order for the transition to be successful.

The timely dimension must be taken seriously into account since it involves irreversibility and non-ergodicity. Adolph Lowe's instrumental analysis of the traverse provides a backward-adjusting planning device with well-defined policy targets for every stage of the traverse.

From a methodological viewpoint, Courvisanos endorses a critical, realistic, political approach, which combines notions and insights from heterogeneous traditions and disciplines (economics, business history, anthropology, etc.) that are difficult to reconcile. Although this may be viewed as the price to pay for his attempt to provide a too-comprehensive study of innovation, the reader is sometimes lost in the kaleidoscopic array of predictable directions the analysis entails.

Having said this, the reviewer cannot hesitate to give a warm recommendation for Courvisanos's book, which makes many persuasive arguments for the necessity of a deeper understanding of how technological change, together with power and institutions, shape our economies.

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Kiichiro Yagi, *Austrian and German Economic Thought: From Subjectivism to Social Evolution* (London: Routledge, 2011), pp. xxi, 180, \$140. ISBN 978-1-136-82460-9.

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This is a deeply thoughtful and carefully researched book, though the title is possibly a bit misleading in its suggestion that a reader should expect to find a coordinate or additive treatment of Austrian and German economic thought. The book treats, rather, the emergence of an Austrian tradition of economic scholarship from within the Germanic context in which it arose. The book is about Austrian economics, while recognizing it as an indigenous emergence within the Germanic context and not as some alien penetration into that context, as references to the *methodenstreit* would suggest. Yagi develops his topic in fine fashion by providing many insights and offering numerous thoughts worth further examination. Yagi's subtitle, moreover, is fraught with significance: while the Austrian tradition originated in subjectivism, the evolutionary turn it

subsequently took portends a possible objectivist future. The book is largely a compilation of previously published papers scattered across many sources, many of them not easy to find, and some of them originally published in Japanese.

The emergence of schools of thought and competition among those schools can be usefully examined from within a network-based framework, as Randall Collins exemplifies in *The Sociology of Philosophies*. Carl Menger injected a new node into the network of German economic scholarship that was operating in the late nineteenth century. A network is characterized by nodes (persons or clusters of persons) and connections among those nodes. Menger established a new node within the network of Germanic scholarship, and, in the process, made connections with other nodes within that network. From that node, he pursued a research program grounded in subjectivism and liberalism. In his subjectivism, whereby he ran his economic theorizing through the valuations and choices of economizing agents, Menger opposed the British classical economists, as did most of the German economists of the time. With his liberalism, however, Menger occupied a minority, though not an empty, position within Germanic scholarship. There was, for instance, strong affinity between Menger's formulations and those of such historically oriented legal scholars as Friedrich Carl von Savigny, both of whom emphasized the spontaneous growth of customs, practices, and institutions. While Menger did receive favorable reviews from German economists, he also received an unfavorable review from Gustav von Schmoller that has been the object of most of the historical commentary. Yagi does great service in de-emphasizing the significance of the *methodenstreit*.

Perhaps the recent book that comes closest in scope to Yagi's is Sandye Gloria-Palermo's *The Evolution of Austrian Economics*. While the two books cover similar people and ideas, they do so to different but complementary effect. Gloria-Palermo writes as an outside observer of the development of Austrian economics, and tells a story, through her examination of analytical arguments, of Menger's original subjectivism's being pushed subsequently in objectivist directions until Ludwig von Mises and Ludwig Lachmann set forth subjectivist formulations. While Yagi explores similar material, he writes as an inside observer, as a proverbial fly on the wall, so to speak. He explains his material by penetrating into the creation of those ideas, in contrast to Gloria-Palermo's presentation of the final articulations of ideas. For instance, Yagi seeks to explain how Menger assembled his *Grundsätze* by examining Menger's notebooks that Menger compiled before he wrote the *Grundsätze*. Where Gloria-Palermo portrays finished products, Yagi portrays how those products were assembled. The alternative approaches are nicely complementary.

Yagi opens with a chapter on Carl Menger's older brother, Max, who was a liberal member of the Austrian parliament and whose ideas were close to Carl's throughout his life, which stood in contrast to the socialist ideas of Carl's younger brother Anton. Following this introduction, Yagi devotes three of the remaining nine chapters to Carl Menger. These chapters treat, in turn, Carl's work as a journalist, the preparation of his *Grundsätze*, and his relation to the German historical economists. The main events or situations Yagi presents in these chapters will be known to anyone familiar with the basic material on Carl Menger. These include his early years in journalism, his tutoring of the Crown Prince Rudolf, the publication of the *Grundsätze*, and the *methodenstreit*. Yagi, though, has done extensive archival research, which he uses to set forth significant features of the process by which Menger developed his ideas. Chapter 3 is

particularly noteworthy in this respect. Among other things, Yagi shows that, from the start of his theoretical work, Menger saw himself as working within, and contributing to, the German tradition of economic theorizing.

To be sure, German economists no more spoke with a single voice than did economists of other nationalities, for economics seems invariably to be a contested discipline. While Schmoller was unfavorable to Menger's book and the ideas Menger set forth, Max Weber was favorable. So were many other German economists who later achieved notability for scholarship that was broadly complementary to Menger. Some of those who come to mind are Walter Eucken, Wilhelm Röpke, Alexander Rüstow, and Ludwig Lachmann. Contestation is a natural part of the development of scholarship, and Yagi explains that the controversy between Menger and Schmoller became massively magnified, perhaps because it offered a convenient way for people to raise methodological questions.

Chapters 5 to 8 treat Eugen Böhm-Bawerk, Friedrich Weiser, and the relation between the three founding Austrians and Léon Walras. Yagi's treatment of Böhm-Bawerk in Chapter 5 reveals the same effort to get inside the author's head, as it were, by relating published work with archival research into papers and diaries, including correspondence between Menger and Böhm-Bawerk. Chapter 6 takes the same tack in examining Friedrich von Weiser, and pays particular attention to Weiser's interest in political phenomena as mass and not individual phenomena. Weiser's analysis in this respect harkens back to Menger and the treatment of organic institutions and power relationships within society. Chapter 7 discusses the vision of equilibrium in Austrian economics, and includes discussion of the correspondence between Walras and the three Austrians—Menger, Böhm-Bawerk, and Wieser.

The final three chapters turn to the next generation of Austrian economists, with primacy of attention given to Max Weber and Joseph Schumpeter. Chapter 8 examines Max Weber and Karl Knies in relation to the Austrians. While Knies is commonly classified as one of the German historians, he had no interest in the dispute between Schmoller and Menger. Included in this chapter is Yagi's examination of Knies's teaching program at the University of Heidelberg around the time when Böhm-Bawerk and Weiser, and also Max Weber, studied there. We see once again how Yagi seeks to penetrate into the process by which ideas are formed and later articulated. Chapter 9 turns to Joseph Schumpeter and his particular emphasis on economics in relation to sociology. With Schumpeter, evolutionary ideas entered into the Austrian stream of thought. Chapter 10 continues that evolutionary stream by returning to Max Weber, discussing Weber in connection with Karl Marx.

Yagi closes by noting some difficulties in assimilating evolutionary thinking to subjectivism. The particular theme Yagi advances is that Austrian economics moved in an evolutionary direction with Schumpeter. This move toward evolution, however, imperils the subjectivism initiated by Menger, according to Yagi. It is easy to understand how Yagi might be inclined to think this way. Are human consciousness and action the cause of economic phenomena, or do those phenomena cause human consciousness and action? The historical record provides many instances that would seem to support each scheme of thought. There are certainly strands of evolutionary thought that would incline in the objectivist direction by having evolution act on human consciousness. The Darwinian scheme of evolutionary analysis would render mind a product of genetic fabrication and would seem, thereby, to reduce economics to

a branch of ethology. In contrast, the Lamarckian scheme of evolutionary analysis might be particularly suitable for application to human culture and institutions. The significance of genetic inheritance would not be denied, but economics would not be reducible to ethology because there would be paths by which human consciousness could influence the substance of social evolution, much as the pre-Darwinian philosophers of the Scottish Enlightenment recognized.

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Yukihiro Ikeda and Kiichiro Yagi, eds., *Subjectivism and Objectivism in the History of Economic Thought* (London: Routledge, 2012), pp. xix, 193, \$152. ISBN 978-0-415-60536-6.

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Friedrich Hayek once asserted that progress in economic theory has occurred through a sequence of replacements of formulations grounded in objectivism with formulations grounded in subjectivism. Perhaps Hayek was right, but perhaps he wasn't. The ten essays in this book explore from varying orientations elements of the subjectivist-objectivist divide in economic theory. The essays vary widely in subjects and persons treated, and I doubt that any reader will find equal interest in each essay. All the same, the collection gives any interested reader much to think about.

All economists claim that societies are subject to economic laws, so the presence of such laws brings an objectivist quality to economic theory. For instance, if the number of apartments available in a city is less than the number of people who are seeking to live there, competition among the potential residents will be an inescapable feature of economic law. That feature, however, is purely formal. There is much room for variation in how the form of that law plays out substantively. There are many forks in the road where form can acquire substance. One fork would have rental prices rising and new construction taking place. Another fork would feature the political imposition of price controls, and that fork could branch off into such possibilities as converting rental properties into condominiums to avoid the price controls. Numerous other forks could also be identified. Whatever the fork that is taken within a society, all of them would illustrate the inescapable quality of economic law. In this usage, economic law is ontologically objective as reflections on human nature.

It is necessary to realize that the core claim of economic law speaks to form and not substance. Most economists want to use their theories to make substantive claims, and here trouble can start. Formally, economic law holds that an excess of desire over availability will create competition among people. Substantively, there are an indefinitely large number of channels that competition can follow. People can differ greatly in how they appraise different substantive outcomes, and will typically employ a variety of Paretian derivations to wrap some other-regarding language around their claims. But when that ideological veil is pierced, you will unavoidably see some competitive process of selection by which some people obtain more and others less of what they want, as compared with the outcome of some alternative process.