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REVIEW OF MARIA CRISTINA MARCUZZO, GHISLAIN DELEPLACE AND PAOLO PAESANI (EDS.), *NEW PERSPECTIVES ON POLITICAL ECONOMY AND ITS HISTORY*, CHAM: PALGRAVE MACMILLAN, 2020

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At a first glance, a reader may see this collection of essays edited by Marcuzzo, Deleplace and Paesani as quite an odd assortment. The first of its five parts, in particular, is a rather strange mix. It begins with a chapter on the methodology of the history of economic thought (HET) by Sheila Dow, followed by a bibliometric analysis of recent developments in HET by Alberto Baccini. Then there are two chapters on gender issues – one on gender budgeting by Elisabeth Klatzer and Angela O'Hagan, the other on gender inequality and economic growth by Paola Villa – that apparently have nothing to do with the history of economics. Lastly, there is a chapter in which José Luis Cardoso tells a tale of money and banking during the Portuguese liberal revolution of 1820.

But there is a common element that binds together part I and the essays included in the following parts on classical political economy, Ricardo, Sraffa and Keynes. Being a *Festschrift* in honour of Annalisa Rosselli, the book reflects her interests as well as the network of personal relationships she has created along her career. A distinguished scholar in the history of economic thought, Annalisa Rosselli is a member of the European gender budgeting network, she was the first woman to be appointed president of the Società Italiana degli Economisti and is a former president of two leading HET associations (Storep and ESHET). What the three editors have created, together with the twenty-eight contributors who joined them, is an introduction to the intellectual world of Annalisa Rosselli, in which her main research interests emerge together with the network of relations she has created in pursuing them. And at the centre of these interests is the

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idea that history is not only important, but essential for an understanding of current affairs.

As the explicit aim of this book is to celebrate Annalisa Rosselli, and as the present author is a close associate of hers and a former co-author with two of the three editors, as well as two of the contributors, the reader can rightly take this review as one more voice joining in the celebrations.

The volume comprises an introduction by the editors followed by eighteen chapters divided into five parts. The introduction focusses on some ideas that stand out strikingly in Rosselli's work, and in particular the idea that, as the editors put it, HET is not "a graveyard for respected albeit no longer read authors but […] a living corpus of debates on the same old issues shrunk and distorted by the present mainstream" (p. 2). Strictly connected to this, is the "analytical-historical" approach to HET. As pointed out in the introduction, this method of doing HET combines "careful attention to the texts" with "a detailed study of the facts" that make up the context, and (perhaps more importantly) trace the implicit assumptions that lie behind the texts. While this may seem almost a platitude, those better versed in the HET literature are aware that it is not. Indeed, by clearly stating that the analytical-historical approach they support is neither Whig history nor heterodox economics, the editors of this book are taking a very precise stance. They do not support the idea that the economic theories of the past should be considered, and evaluated, from the point of view of current economic theory, which is what Whig history has always done. But they also part company with an approach to the ideas of the past, usually (but not necessarily) associated with heterodox economics, that has recently been pursued quite often and that, while decidedly *analytical*, is admittedly not so distinctly *historical*. By way of example, I propose this passage, taken from one of the most frequently quoted books on Keynes, written by one of the leading Keynes scholars, Rod O'Donnell:

> My book (and possibly those of others) was not written as a historical work, even one in the history of economic thought. Its primary aim was always *analytical* – to explore the philosophy, and the links between this philosophy and the economics and politics, of one of the greatest economists of the twentieth century whose thought still has contemporary relevance (O'Donnell 2003: 86-87).

But perhaps there is no harm in the coexistence of these divergent and alternative approaches. Or, at least, this is what Dow suggests in the opening chapter of Part I. Dow argues that it is useful, and indeed necessary, for there to be some debate on the issue, but – and this is the point – any way of doing HET is better than doing without it. Here, in opposition to Weintraub (2002), Dow sides with Marcuzzo and Rosselli (2002) on HET as an integral part of economics, and looks to Adam Smith's interpretation of history and the history of economic ideas in further developing this idea.

On how HET is actually practiced in the contemporary world, Baccini presents a quantitative analysis based on data derived from the Web of Science database on the period 2005-2018. In the picture that emerges, HET is a small but stable niche in the economic literature; it is produced mainly by male authors from a few countries; on average, they prefer to work individually, and draw more on books than journal articles, while one third of the source articles quoted are from the Top Five economics journals. Baccini highlights, among others, a couple of questions that remain to be answered and that may prove well worth investigating: where does the stream of HET literature flow? And how much of it is employed outside the HET profession? One can't help suspecting that the right answer to this latter question may be "not very much", but it would be interesting to know more about it.

One thing that emerges clearly from Baccini's analysis is that there is still a gender issue in the HET field, and this leads indirectly to the subject-matter of the following two chapters. In the chapter on gender budgeting, Klatzer and O'Hagan tell the story of a heterodox approach that has become mainstream. Given that this may lead gender budgeting to lose its transformative character, the question arising at this point is: how can its transformational dimension be replicated/saved? The redefinition of the Framework of Favourable Conditions proposed in this chapter aims at achieving this goal. Strictly related to this topic is the chapter on Family, Gender Inequality and Growth, by Villa. A counterintuitive idea presented in this chapter is that fertility rates tend to be lower in societies in which the family plays a stronger role. Another point made by Villa is that "too much family" – an expression employed to denote societies in which family ties are particularly strong – implies lower growth rates. There is an obvious element of path dependence in this analysis, because social models and institutions have a natural tendency to reproduce themselves.

The last chapter in this part presents a case study in the history of banking institutions. For Cardoso, the banking history of Portugal in the 19th century, and the early history of the Bank of Lisbon in particular, bears witness to the fact that banking institutions can emerge in contexts where the theoretical debate on monetary issues has not got very far. The obvious comparison with English history during the same span of years may show just how different the paths followed by the same institutions can be as they develop.

With part II, dealing with "The Classical Perspective" on distribution and accumulation, the focus shifts definitely towards the history of political economy. Part II consists of three chapters. In the first, Paolo Trabucchi traces the development of Quesnay's *Tableau Économique* from its earliest appearance in 1758-1759 to its final version in 1766, arguing that some of the modifications to the Tableau made by Quesnay along the way reflected the lack of a fully-fledged theory of prices. This leads to the conclusion that there may be something like a missing chapter in the history of the theories of value based on the notion of a surplus.

Similarly, Antonella Stirati's chapter on the wage fund theory calls for reconsideration of the role of this concept in classical political economy. Stirati sees the wage fund theory as a degeneration of Ricardian economics, an abstract and unconvincing idea that had little to do with the works of Smith and Ricardo, in which, by contrast, due account is taken of the conventional and social factors in which the labour market is embedded. In this interpretation the wage fund theory has a key element in common with later marginalist analyses of the labour market, namely, the establishment of an inverse relation between real wages and the level of employment, based on the unrealistic assumption of a perfectly competitive labour market.

The third and final chapter in this part takes a more general perspective on classical political economy. Written by Christian Gehrke, Heinz Kurz and Richard Sturn, it can be described as an invitation to read Smith, Ricardo and Marx as authors who tackle topics that find no place in modern mainstream economics. A central theme in the first section is Smith's incompatibility with the scarcity-related models of today's economic theory. The other two sections are general surveys of the ideas of Ricardo and Marx. The three sections in this chapter may read as somewhat unrelated, but they are bound by a common thread: the idea that many of the "discoveries" of today's mainstream economics, based on the scarcity paradigm, are no more than rediscoveries of topics that can be better understood by taking the classical perspective, grounded in analysis of the surplus. Another common feature is the clarity of exposition. The section on Ricardo, for instance, presents a concise summary of Ricardo's ideas that would be extremely useful in a textbook. Ideally, the sections on Ricardo and Marx serve as an introduction to the two parts of the book that follow, one on Ricardo and the other on Sraffa, for they present Ricardo and Marx as two steps along a research path that was to culminate, much later, in the publication of Sraffa's *Production of Commodities*.

Part III starts with a chapter on the "unbridgeable gap" that separated Ricardo from Bentham on economic theory. While others have investigated the philosophical and political influences that Bentham may have exerted on Ricardo, in this chapter Christophe Depoortère, André Lapidus and Nathalie Sigot keep to strictly economic ground, to conclude that the possible points of contact between Bentham and Ricardo resulted in as many "Rendez-vous Manqués". "How Ricardo Came to Japan", by Masashi Izumo, Yuji Sato and Susumu Takenaga, is the next chapter. It shows that reception of Ricardo took some time in Japan, but also that the British economist later took a prominent place in the Japanese literature on the history of political economy. After a mathematical analysis of the changing role of gold as a monetary standard in classical theory of money from Ricardo to Sraffa (by Carlo Benetti and Jean Cartelier), Part IV of the book, on "interpreting Sraffa", opens with another case of "Dialogues Manqués", this time between Gramsci and Sraffa on "Ricardo, Classical Political Economy and 'Pure Economics'". Here Jean-Pierre Potier shows how deeply Gramsci, as a Marxist, felt the need to study the history of economic thought. But the shortcomings of Gramsci's forays in Ricardo's political economy, inevitably based on secondary sources, and the difficulties he came up against in his endeavours to explore marginalism, also reveal that an unlimited account at a bookshop and correspondence with Sraffa could not suffice to remedy the dire conditions which the fascist regime had imposed on Gramsci.

In the following chapter, more focussed on analytical issues and the use of archive material, Nerio Naldi starts from what seems to be the earliest version of Sraffa's equations and goes on to advance an intriguing hypothesis. In Naldi's reconstruction, the equations in Sraffa's *Production of Commodities* emerged from an "algebraic nonsense" that originated in 1927, when Sraffa began to solve tabulations of production processes as if they were systems of equations. While some interpreters see either Marx's influence or Sraffa's interest in the recent developments in the natural sciences as the source of inspiration that led to his earliest efforts in this direction, Naldi insists that Sraffa formulated his equations in the attempt to substitute physical costs for psychological costs. Taking a wider perspective, Richard Arena concludes Part IV with a chapter on "What can still be learnt" from Sraffa. According to Arena, Sraffa's most important contribution is not to be found in price theory, but in his research on the origins and distribution of the surplus. Once this view is accepted, new elements emerge, including a more nuanced and extended reading of Marshall, in which Sraffa found Marshall's study of industrial organization and of the "real world" much more to his taste than Marshall's price theory.

The four chapters in the final part deal with "The Legacy of Keynes". The first provides an original perspective on the influence that Keynes's *General Theory* immediately began to exert. In this entertaining chapter, van der Berg tells the story of a minor but revealing lapse on the part of Schumpeter while writing his *History of Economic Analysis*. In a footnote, Schumpeter noted that a short passage by Postlethwayt read very much like an anticipation of Keynes's theory of interest, but failed to notice that this very passage was in fact a plagiarism from Forbonnais. Investigating the implications that Schumpeter derived from this misunderstanding, van der Berg takes this episode as an example of how much the historian can be guided by present ideas in forming retrospective views that tend to distort the past rather than reconstruct it.

One of the most misrepresented elements of Keynes's widespread influence is the liquidity trap concept, which is the topic chosen by Luca Fantacci and Eleonora Sanfilippo. This chapter is a very nice piece of research. It compares the meaning usually attributed to the term 'liquidity trap' in today's literature, especially after Krugman (1998), with the original concept. This is no mere philological issue. Two concepts – and the use that can be made of them – are at stake, but only one is related to the Keynesian notion of uncertainty. Along with this, many other interesting elements emerge. By dint of close investigation into the correspondence between Keynes and Robertson after the publication of the *General Theory*, Fantacci and Sanfilippo not only show how the concept of the liquidity trap was created by Robertson, but they point out that it was probably this correspondence that favoured Keynes's shift to the more uncertainty-oriented version of the *General Theory* presented in the *Quarterly Journal* article in 1937.

The following chapter, by Jan Kregel and Alessandro Roncaglia, is on methodology. It presents "An outline of a Keynesian-Sraffian Macroeconomics" in which the theories of Keynes and Sraffa, apparently so distant, are taken as "analytical bricks" of a common construction. What makes this logically possible is that neither of the two theories excludes the other. The timeless world of Sraffa does not exclude what Keynes predicted in a world with time. And what Keynes says about this latter world can serve to determine the level of overall production that Sraffa takes as a given. Moreover, Keynes and Sraffa shared an implicit rejection of what would become Friedman's (1953) methodology and a basic adherence to a minimum principle of realism. Each of them sees only a part of the whole, but it is a part of an existing whole, not of a theoretical artifact.

We now come to the last chapter, by Mario Sebastiani. It deals with Keynes's broad views on the role of the state, comparing these ideas with the historical evolution of public institutions after Keynes's death, in particular in Europe. It emerges, in this chapter, that Keynes anticipated some elements of what was to come about in the public sphere, being perhaps a bit less prescient about the problem of selecting an elite capable of avoiding entrapment in the Public Choice nightmare view of policy.

On the whole, and as far as the history of political economy is concerned, the "new perspectives" proposed in this book all belong to a well-entrenched historiographical tradition that sees in the thought of the great economists of the past the material for historians of political economy to investigate. This is perfectly in keeping with the position adopted by the editors in their introduction. If one of the recent trends in the HET literature is a "stepping down from the shoulders of giants" (Marcuzzo and Zacchia 2016: 2), this collection of essays is presented as an "act of resistance" against this recent tendency.

As far as HET is concerned, there is, in my opinion, one central message that this book conveys and one big question that it leaves open. The central message is that every student of economics should have, at least once in their life, the opportunity to meet the "giants" – not only for the intrinsic value of their work, but also for the vast amount of scholarship that has accumulated about them. Not only the introduction by the editors and the chapter by Dow, but also the chapters by Gherke, Kurz and Sturn, as well at that by Kregel and Roncaglia, have very much to offer on this point. The big question is whether we should continue to do research on these giants. The chapters by Trabucchi, Stirati, Arena, Naldi, Fantacci and Sanfilippo, for instance, certainly show that this is still both possible and useful. But it may also be that this way of doing HET has now entered the stage in which an industry is subject to diminishing returns. It is therefore quite likely that the "stepping down" will continue. To do exactly what, is hard to say. But this could be the subject for another book.

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