

REVIEWS

The Scheme of Economics and Philosophy for a World of Uncertainty. Some Problems Solved, by Neil P. Laing. Adelaide: Flinders University, University Relations Unit, 1986. Two volumes, pp. 379, 378. Supplement, 1987, pp 16. Price: Not stated.

At least part of this book is of interest to historians of economics. Book I of the work, 'The Problem Posed', is a critical history of pre-second world war economics. In addition, the preface and Appendix II of volume 2, provide an account by a less well known economist of how he came to study economics, which may be subtitled the adventures of a Cambridge economics graduate of the 1950s in the antipodes with special reference to the rediscovered city state of Adelaide (I, p. 20). Laing's reminiscences of Cambridge can be sampled from remarks like the following: 'What has most left its mark was the widespread attitude of the possibility of combining an idealistic relevance with logical scholarly rigour which all my teachers shared and which was the real legacy of Marshall (but ... by no means unique to Cambridge)'. 'My main debt to Cambridge was that the system did not force one to overwork... this has ceased to be so in universities everywhere ... and ... is due to the way matters in universities have got out of the hands of a genuine elite which felt sufficiently sure of itself that it could throw a few important ideas at the students rather than an avalanche of unimportant ones' (pp. 6, 8). And at greater length:

There used to be a joke in Cambridge that if time is a device for preventing everything from happening at once, space is a device for preventing everything from happening in Cambridge! But the joke is on Cambridge because this could be our Jevonian summing up of the Marshallian system (which can be seen as an attempt to make everything happen at once), and in more ways than one, I cannot resist adding the rider from Cambridge, watch this space. It was created by Keynes. Austin Robinson used to say in his lectures on Marshall at Cambridge that one wasn't understanding Marshall until one was beginning to find him difficult. And he used to keep saying how 'extraordinarily difficult' he found him. Unfortunately he never quite achieved complete incomprehension! (p. 185)

Apart from thanking Noel Drane and Harry Edwards and expressing 'warm memories' at Derek Horner, readers would not

know that Laing first spent some years in Sydney during the late 1950s, early 1960s, before going to Perth (Ray Petridis and Ron Peters, both foundation members of HETSA are similarly thanked). I myself recall a visit to Neil in Perth in 1963 when I was *en route* (by ship) to London and a Ph.D. Laing's account of Australian experiences concentrates on Adelaide (Adelaide economics 1967-81) with its references to a 'negative feedback effect from Newcastle' (p. 14), 'neo-Ricardians on the doorstep' (pp. 14-15), the fruit of introspection Adelaide style (p. 19), and its 'libertarian-fascism' designed 'to make the Jews run on time' provided they are professors and are 'catching trains away from Adelaide' (p. 20). If these cryptic references intrigue you, all is revealed in the last pages of this book, the Appendix (II, pp. 347-56). Those interested in the modern history of Australian economics will enjoy reading this idiosyncratic account of the decline and fall of the Adelaide school of economics by one of its more intimate observers.

Book I of this treatise was described by Blaug (who read the manuscript in whole or in part in 1984) as 'the first attempt to write a history of economics from the point of view of the *ex post* and *ex ante* distinction'. In this history, three chapters on 'classical economics' (Smith, Ricardo, J.S. Mill) are followed by a first round (Jevons, Walras) discussion of neo-classical economics, the Marshallian counter-revolution, Marxian economics, followed by a lengthy three chapter discussion of the second round of new-classical economics. As the final chapter of this Book explains, it is from the problems with economics diagnosed from a study of its history that Book II and more particularly Book III with its solution, follow. Laing's history of thought is therefore history with a purpose. What can we learn from it? This question is easier posed than answered.

The diffuse argument in this book is not easily summarised, its readers will have to try and unravel it for themselves. It would have benefitted greatly from a good editor who by lopping out the digressions would have made it easier for readers to keep track of Laing's tale. Laing's version of the history of economics, given its objectives, is understandably also rather mixed. I found the Ricardo chapter rather irritating with its attempts to turn Ricardo's work into something which it is not, by interpreting it in terms of modern concepts (like marginal utility and marginal productivity). This is a tendency inherent in those who study history from a particular perspective without really caring about what the subjects of

their history were really interested in. In Laing's pseudo-history, useful insights go hand in hand with what seem to be mystifying comments. In the context of Ricardo, examples are Laing's apt comparison between Ricardo and Marshall on method (p. 71), and the peculiar, undocumented presentation of Mill's solution to what Laing sees as Ricardo's great problem (pp. 79-80). Similar remarks can be made on the discussion of Keynes. Given the ready availability of Keynes' collected work, the remark (p.278) on his awareness of Harrod's growth theory is impossible to understand; on the other hand, the brief comparison of Marx, Keynes and J.M. Clark (pp. 204-5) captures key features of their respective systems. An interesting 'potted' history of cycle theory from Jevons and Marshall (pp. 209-20) combines with a peculiar historical generalisation about the impact of Freud and propaganda on the development of positivism in economics from the 1920s and after. Quoting this remark forms a fitting conclusion to this review by giving some of the flavour of this most unusual book devoted in part to the history of economic thought:

I argued in 1965 that two particular developments in science and the politico-economic scene accounted for a swing to positivism in the economics discipline in the twentieth century. One was Freudian psychology, which cast doubt on conscious introspection as a means of obtaining an understanding of the behaviour of others. The other was the experience of propaganda as a weapon of conflict in peace and war. Economic truth was no longer (as it had been, for example, in the neo-classical revolution and in the attempted Marshallian counter-revolution) a matter which was left to personal arm-chair discussion between fairly like-minded people who could be relied on, at least by each other, to be honest. Both of these developments can be placed in the more comprehensive pattern which has now been suggested — increased confrontation occurring as political and economic life and science reached their extensive frontier, followed by the need to develop intensively, adding in all cases to the sense of uncertainty. (pp. 213-14).

Given the prolixity of the style, I found it difficult to judge the quality of the argument in the first history from the point of view of the *ex-post*, *ex-ante* distinction. Others may derive greater benefit and less irritation from its discursive narrative.

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