

**Robert Dimand and Chris Nyland (eds). *The Status of Women in Classical Economic Thought*. Cheltenham, UK, and Northampton, MA, USA: Edward Elgar. 2003. Pp. 328. ISBN 184064 4788. £59.95.**

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**Therese Jefferson\***

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Dimand and Nyland have edited a collection of articles to demonstrate that the 'focus of classical economics was not nearly as limited to the activities of one gender as conventional wisdom has supposed' (p. 1). In the context of this volume, classical economic thought appears to be historically defined as extending from Francois Poulain de la Barre's books of 1673, 1674 and 1675 to John Stuart Mill's *The Subjection of Women* (1869). Dimand and Nyland note that one reason for the lack of recognition given to classical scholars' arguments about 'the woman question' is that there was a tendency by some to publish their views in 'obscure outlets' or to have them 'scattered among assorted publications and manuscripts' (pp. 1-2). While this in itself may be a comment on the priority that some scholars gave to the question of women's status, a significant contribution of this volume is to make the contents of these arguments more widely accessible.

Of the fifteen articles which comprise the volume, Nyland is the sole author of five and the co-author of a further two. Dimand and Nyland jointly pen the introductory chapter and Nyland's five articles follow. Four of these five articles have been previously published in *History of Political Economy* (Nyland 1993a; 1993b; 1997) and *History of Economics Review* (Nyland 1993c). Together, they form a well-integrated thesis examining the status of women in the work of Poulain de la Barre, John Locke, Montesquieu, Adam Smith, John Millar, Antoine Thomas and William Alexander. There is some minor repetition of significant points, but this means that each chapter is relatively self contained. It would have been helpful if Nyland had consistently included the years in which the original texts were written rather than referring only to the publication year of the volumes he referenced.

By the end of chapter 6 one is left in little doubt that physical strength was identified as a key determinant of men's and women's relative status by these theorists. Throughout these chapters Nyland addresses at least three significant and interesting themes. The first is to contrast theories based purely on men's and women's physical attributes with those that consider the role of social institutions in determining the worth of those attributes. A second is to consider the method used to construct theory, and in some cases this is at least as interesting as the theory itself. Recognition that some arguments about women's economic status were developed as an adjunct to broader political debates such as republicanism adds a third dimension.

Peter Groenewegen's chapter on Nicholas Condorcet follows. From this point on the volume is less well-integrated but still cohesive and certainly no less interesting. Groenewegen provides useful historical and biographical detail in his discussion and summarises Condorcet's stage theory of history, in which women's status changes with different modes of social organisation and production. This is distinguished by Condorcet's recognition that in the tenth and last stage of 'progress', characterised by the progress of the human mind, there is a need to 'eliminate that fatal inequality between the sexes solely attributable to the abuse of

men of their superior brute strength' (Groenewegen 2003, p. 135). The chapter concludes by noting the way in which Condorcet's views were either condemned or ridiculed by Malthus, James Mill and Say. Groenewegen puzzles over the question of why Condorcet's writing did not have a greater influence on John Stuart Mill, given his friendship with Comte, who was familiar with Condorcet's work. Groenewegen's chapter is clear, concise and, by mentioning Condorcet's fate and interactions with other economic writers of the era, assists in providing some integration with several of the later chapters.

Forget contributes three chapters, two of which have been published previously (Forget 1997; 2001). The first of her chapters, on 'Sophie Condorcet's Letters on Sympathy' will be of particular interest to those reading contemporary works that address the economic implications of caring, nurturing and sharing (see, for example, Folbre 1995; Himmelweit 1995). The use of a pleasure and pain calculus to explain the development of sympathy, together with the 'idea that there is some kind of social glue that allows societies to cohere, especially in moments of social chaos' remains relevant to continued discussion about tensions between the study of social institutions and the use of methodological individualism in economics. Similarly, Forget's later chapter on Say and his identification of women's role in the household as a 'natural' gender role will have relevance to those coming to grips with the dominance of neoclassical analysis in discussions of household production (see, for example, Becker 1981). The book closes with a chapter by Forget that will bring many readers back to more familiar territory as it considers the work of John Stuart Mill and Harriet Taylor. While their works are relatively well known, Forget expands the discussion to consider the links with French social theory and provides insights into the interactions of John Stuart Mill and Comte, briefly noted in Groenewegen's chapter.

Although each article is quite separate, an interesting contrast is provided by Annie Cot's discussion of Bentham and Robert Dimand's chapter on Senior. Cot provides a detailed discussion of Bentham's writing on women's rights, which addressed issues such as: access to contraception, abortion and infanticide; the reservations of specific occupations for the employment of women; women's ability to initiate divorce proceedings; and increased access to education for women.

Senior, on the other hand, demonstrated little enthusiasm for women's equality and rights. His views on the social and economic role of women were 'revealed in passing remarks rather than developed systematically' (p. 225) and these views are examined in an analysis of his Oxford Lectures, *Letters on the Factory Act* (1837), his contributions to the Poor Law Report of 1834 and a journal kept during his travels of 1857 and 1858. Some of the 'passing recognitions' (p. 229) noted by Dimand are remarkable, particularly those about unwed mothers in his discussion of the Poor Laws, and those relevant to the employment conditions of textile factory workers in his *Letters on the Factory Act* (1837), which Senior apparently considered quite favourable. Dimand's analysis notes that several public policy outcomes, such as the efforts to limit public support of unwed mothers, were among the policy outcomes that resulted from Senior's influence. It appears that only when examining societies such as Turkey or Egypt was Nassau Senior capable of recognising women's economic status as disadvantaged. As with Groenewegen's earlier chapter, one of the strengths of this chapter is the detail it provides about the roles played by various contributors to the economic debates of the time.

There are four articles that direct attention to diverse contributions from women during the late eighteenth and nineteenth centuries. Dimand examines

Priscilla Wakefield's *Reflections* (1798) as a 'striking early instance of feminist critique' of political economy. Anna Doyle Wheeler's collaboration with William Thompson is discussed by Nyland and Thomas Heenan and provides an argument that women's status can be addressed through a wholesale restructuring of the economy to a socialist basis. David Levy outlines Harriet Martineau's economic analysis of America's slave economy, including the sexual use of slaves, the (lack of) incentives for slave labour to be a source of improved productivity, and the inefficiencies of markets for slaves. This chapter is a valuable reminder that nineteenth-century societies were not always characterised by the industrial capitalism of English political economy. As noted above, the book concludes with Forget's article on Taylor and Mill.

My quibbles with this volume are minor. For the novice, some articles could accommodate a little more referencing to the dates of particular texts, and there are a couple of typographical errors (pp. 246, 268-9). When the articles are read in quick succession it can get tedious reading repeated accounts of men's superior physical strength. However, it must be conceded that this is more a reflection of the theories developed by various classical scholars than a fault of the contributors. While the contents of this book may not convince you that women's status was an over-riding concern among classical scholars, it certainly gives a higher profile to neglected arguments and texts. At some points you may want to laugh (or cry) as you contemplate the slow pace of change in some of the debates. In general, the dustcover claim that this book will 'appeal to anyone interested in how economists have explained the economic and social status of women' seems true enough. Order it for your institution's library and consider buying one for yourself if you have an accommodating budget and a particular research interest in this area.

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**Stephen F. Frowen.** *Economists in Discussion. The Correspondence Between G.L.S. Shackle and Stephen F. Frowen, 1951-1992.* Basingstoke: Palgrave Macmillan. 2004. Pp. xviii +385. ISBN 0 333 77208. £65.00.

**Jean-Pierre Potier and Donald A. Walker (eds).** *La Correspondance entre Aline Walras et William Jaffé et Autres Documents.* Paris: Economica. 2004. Pp. 135. ISBN 2 7178 4736 7. €10.

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**J.E. King\***

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Frowen's unusual and fascinating book presents forty years of correspondence between the great Austro-Keynesian theorist George Shackle (1903-1992) and the eminent monetary economist Stephen Frowen (b. 1923). Shackle will be known to most readers of this journal, if not for his original and idiosyncratic approach to decision-making under uncertainty then for his masterly account of the development of economic theory between the wars, *The Years of High Theory: Invention and Tradition in Economic Thought 1926-1939* (published in 1967). There have been three *Festschriften* for Shackle, and also a substantial intellectual biography (Carter and Ford 1972; Frowen 1990; Earl and Frowen 2000; Ford 1994; see also Ford 1983). Frowen's chief contribution to the history of economic thought is his (1954) translation of Wicksell's *Value, Capital and Rent*. His own work, although probably familiar only to specialists in money and banking, has been distinguished enough to bring him two *Festschriften*, one of which went into a second edition (Arestis 1988, 1993; Holscher 2001). He was Shackle's student for a year, at the University of Leeds in 1950-1. Thereafter Shackle became Frowen's mentor and patron, godfather to his daughter Tanya, and – eventually – a close friend.

The main sequence of the book consists of 354 letters, a few of them written by Shackle's second wife Catherine, some after his death (and there is even a 1988 postcard from Paul Davidson in Berlin). Five appendices contain unpublished fragments by Shackle, two tributes by Frowen, and a further twenty letters from the period 1984-2001 that were unearthed too late for inclusion in the main sequence. Each letter concludes with a representative facsimile signature, 'G.L.S. Shackle' giving way only in letter 103, six years in, to 'George Shackle' (p. 85). Apart from this lapse, the formalities of English academic life are scrupulously observed until letter 222, dated 31 October 1979, when the 56-year-old Frowen recklessly abandons 'Dear Professor Shackle' and writes instead to 'Dear George and Catherine', signing himself 'Stephen' in place of the previous 'Stephen Frowen' (pp. 206-7). Shackle's first 'Dear Stephen' follows in letter 224, when its author is 77. It is Catherine Shackle who has insisted on the change (p. xiii).

George Shackle emerges from the correspondence as unfailingly courteous, supportive and solicitous of the personal welfare and career advancement of his former student, but also as a reserved and very private man. Only after his marriage to Catherine, in 1979, does he open up a little. Frowen's life, in contrast, is revealed in considerable and sometimes touching detail, not excluding his (temporary) separation from his wife Irina and their son Michael's addiction and tragic accidental death at the age of 39. Stephen Frowen works as a

merchant banker and then a financial journalist before taking over *The Banker's Magazine* in 1954 and transforming it, to Shackle's great delight, into a serious quasi-academic journal. He leaves – in apparently unhappy circumstances that are not explained either in the letters or in Frowen's rather sparse editorial notes – in 1960. Thereafter he is forced to scratch around for academic employment, handicapped (as Monty Python would say) by 'willfully and persistently being a foreigner' and a German foreigner at that, albeit one with perfect English. Evidently Shackle's glowing references did Frowen very little good, which suggests that Shackle himself was already marginalised in the British economics profession by the early 1960s. Frowen ends up in 1962 at Woolwich Polytechnic, not yet reincarnated as the University of Greenwich, teaching twenty hours per week but still finding time to moonlight at Birmingham University and to launch the influential *Woolwich Economic Papers*.

In 1967 he escapes to Surrey University, which is slowly evolving into a rather tawdry butterfly from its chrysalis stage as Battersea Tech. Anyone who believes that the academic dog's breakfast is an Australian invention will be set right by Frowen's account of his experience at Surrey, where he teaches postgraduate courses in international economics in the Sub-Department of International Economics, attached to the Department of Linguistics and Regional Studies, while the newly-appointed Professor of Economics is located in the Department of Humanities and has nothing to do with Frowen's Sub-Department (p. 163). 'As in many universities', he reports to Shackle, 'the fights going on below the surface are unbelievable and quite unpleasant....To see people devoting all their energy to achieve a position of power is a rather sad spectacle' (p. 158). This part of the book brought back painful personal memories for me, of the mean, cheese-paring, penny-pinching atmosphere of British higher education in the 1970s (things got worse in the 1980s). Jobs are advertised invariably at the bottom of the Assistant Lecturer (Level A) scale so that no-one over the age of 25 can afford to apply, and Frowen himself is refused promotion to Senior Lecturer by Surrey in 1979 after *twelve years* at the top of the Lecturer scale (p. 206). In a decade or so, chairs and other honours will begin to be showered on him by his native Germany.

All the while Shackle is encouraging Frowen and helping him in any way he can, but revealing very little of himself or his ideas. The few glimpses of Shackle's personality that do emerge are intriguing. As late as 1963 he is still attending the annual conference of the Econometric Society (p. 125), and he invariably rewrites all his lectures every year: 'I have never found it possible to use old lecture notes' (p. 128). By the time he is ready to retire, though, Shackle is disillusioned with the state of economics:

I have begun to feel a little out of sympathy with recent trends in our subject. The tendency to trust in supposedly self-contained mathematical models; the belief that mere attention to 'facts' and the application to them of arbitrarily chosen, *ad hoc*, principles for their interpretation, can give us knowledge; the neglect of the history of ideas (so that we have the absurdity of the daily press treating the Quantity Theory as though it was invented in the last month or two), and the belief that 'facts' can exist without pre-conceived classifications or concepts, seem to me likely to lead the subject into disrepute. (pp. 169-70)

Frowen concurs in bemoaning the ignorance and lack of interest in the history of economic thought displayed by most of their younger colleagues (p. 166).

For the most part, however, Shackle does not write about intellectual matters. Apart from a brief 1953 reference to capital theory (p. 25), the first serious theoretical letter in this volume comes as late as 1982, when he writes a full page on unknowledge and disbelief (pp. 210-11; this was first published in Frowen's and Peter Earl's introduction to the second Shackle *Festschrift*: Earl and Frowen 2000, pp. xvi-xvii). There are a few tantalising references to Hayek, but the riddle of how Shackle perceived his relationship to Austrian economics remains unsolved (see the enigmatic discussion by Stephen Littlechild, also in Earl and Frowen 2000, pp. 337-40). By 1986, Shackle is musing on the implications of information technology. 'But now I think we have to envisage a production economy almost wholly self-operated and an employment economy where everyone is an artist-craftsman making beautiful objects by hand, for a society educated to desire and demand them'. This, he continues, 'plainly poses immense practical organizational problems. The essential is that there would be two economies. The link between them is the complex matter' (p. 266).

Shackle discusses with Frowen the publication of one last volume of his collected papers; disgracefully, he is forced to pay JAI Press \$150 for the privilege of reprinting one of his own essays (p. 263). His last paper was written in 1991, and from the correspondence it seems certain that his marriage to Catherine prolonged his active life as an economist by a full decade. George Shackle died on 3 March 1992, at the age of 88.

There are very few books like this one. Scholarly editions of economists' letters are not uncommon, but they are rarely devoted entirely to the relationship between two authors over several decades. The only recent, comparable work that I have been able to uncover is Fred Lee's edition of the letters between Joan Robinson and Alfred Eichner, but this covers only seven years (1969-1976) and is almost entirely confined to academic matters; Robinson's unmistakable personality shines through, but Eichner's is scarcely visible (Lee 2000). There must be ample material for similar projects in the major archives, perhaps at Duke University and certainly at King's College, Cambridge (Marcuzzo and Rosselli 2004). I hope that the sales of the Shackle-Frowen volume are sufficient to encourage further ventures of this sort. It is a well-produced and (relatively) inexpensive book, and belongs in every serious academic library.

The Potier-Walker book is very different, not least because it is entirely in French. It contains 67 letters between Aline Walras (1863-1942), the daughter of Léon Walras, and his US editor and translator William Jaffé (1898-1980), together with related correspondence between either Aline or Jaffé and third parties – academics and university administrators – with an interest in the Léon Walras papers (an additional 22 letters). The editors contribute substantial scholarly footnotes, an informative introduction and a very useful annotated biographical index.

The correspondence begins in August 1930, when the young Jaffé approaches Aline for assistance with his research, and ends in November 1939, three years before her death. Although she dedicated her life first to caring for her father and then to ensuring his place in scientific history, Aline was not an economist. Thus, while her correspondence with Jaffé sheds light on the publishing history and the international transmission of Léon Walras's ideas, it does not add anything significant to our knowledge of those ideas. Within its limits, though, this slim (and very inexpensive) volume is every bit as interesting as the Frowen-Shackle book. We learn about Aline's health problems, the ingratitude of her brother Georges, and the repeated frustration that she suffers in her dealings with Walras scholars, academic

bureaucrats, editors and publishers. Among her international visitors is the sister of the late Ladislaus von Bortkiewicz, who tells her – in 1935! – that there is nothing to fear from nice Mr. Hitler; he is not an ogre but a lamb (p. 88). Aline nurses Georges Walras through his terminal illness without receiving a word of thanks and then finds herself cut out of his will (pp. 71-2, 84). It transpires that Georges is Aline's half-brother and Léon Walras's adopted son. Their mother was first deceived and then abandoned by a politician, and Léon brought up the boy as his own. Not surprisingly, Aline does not want all this made public (pp. 77-8, 80-1).

Among the Walras scholars who contact Aline, only the young Gaston Leduc proves at all reliable. She is badly let down by Etienne Antonelli, whose work on the Walras papers is interrupted for eight years when he becomes a socialist deputy and then delayed indefinitely due to his ill-health. The egregious Hermann-Kuno-Julius Kranold is even worse, borrowing rare books and papers from Aline and then vanishing without trace (p. 38). Clearly a trusting woman, she lends further precious books and papers to Jaffé; it is not clear from the correspondence whether they are ever returned. He too promises more than he is able to deliver. Aline hopes that his English translation of the *Éléments* will be finished in time for the centenary of Léon Walras's birth in 1934, and Jaffé leads her on. Nothing is forthcoming, and there is a hiatus in the correspondence between September 1935 and May 1937 due to Jaffé's mental illness, and repeated (and understandable) complaints from Aline about the delay. She does not know that Jaffé's dilatoriness will assume Sraffian proportions, his edition of the *Éléments* finally appearing twelve years after her death, in 1954, and the three volumes of Léon Walras's correspondence only in 1965 (see Walker 1981).

Jaffé does have something to plead in mitigation. Unlike Sraffa, his principal sources are a continent away, 'covered in dust' at the University of Lausanne (p. 63), and there is no Maurice Dobb to urge him on. He also suffers from recurrent bouts of depression:

I am sitting at my desk at the University [North Western], where the windows look out on Lake Michigan. The sky is heavy and the lake is grey, with no horizon. I am trying to work and to finish the revision of my translation of Walras, but it's going very slowly. What I miss more than anything is the stimulation of clear and lively conversation. The conversation of my colleagues here is like the lake: heavy, grey, and with no horizon. My family is my only refuge. (p. 91)

He has reason to be depressed, having been refused tenure, taken a 19% per cent pay cut, and told by his head of department to spend more time on his teaching and less on his worthless Walras research; he is forced to sell up and move into rented accommodation. In spite of everything, he tells Aline in May 1937, he is now working on the final revisions to his translation (p. 104). Poor Aline, hopes raised yet again.

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**Neri Salvadori (ed.). *The Theory of Economic Growth: A 'Classical' Perspective*. Cheltenham, UK, and Northampton, MA, USA: Edward Elgar. 2003. Pp. 416. ISBN 1 84376 010 X. £75.00.**

**Neri Salvadori (ed.). *Old and New Growth Theories: An Assessment*. Cheltenham, UK, and Northampton, MA, USA: Edward Elgar. 2003. Pp. 368. ISBN 1 84376 074 6. £69.95.**

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These two books arise from an international conference on growth that was held in Pisa in Autumn 2001. A second conference is scheduled for the Summer of 2004. The first book, the *Classical Perspective (CP)*, is the result of the efforts of the members of the research group that organised and held the conference; the second book, *Old and New (ON)*, is the main product of the conference, in particular the output of guest lecturers. Special issues of three different journals, *History of Economic Ideas* (2002), *Metroeconomica* (2003), and the *European Journal of the History of Economic Thought* (2003), also include papers that were presented at that conference. Several of the articles entertain quite a bit of mathematical modelling. These two books are not the standard history of economic thought books.

The main focus of the books is the relationship between new growth theory, or endogenous growth theory, as can be found in the works of neoclassical authors such as Lucas and Romer, and classical growth theory, as could be found in the works of classical authors, Adam Smith, David Ricardo and Karl Marx. As the editor explains, Kurz and Salvadori argued in the late 1990s (but their arguments are recapitulated in the first chapter of *ON*) that ‘the logical structure underlying most of the early models of endogenous growth is very similar to the logical structure of ‘Classical’ growth models’ (Salvadori, *CP*, p. xi), and hence that there is nothing new under the sun, except for the sophisticated mathematical techniques that gave rise to new endogenous growth theory. This has motivated members of the research group, as well as participants in the conference, to explore this relationship further. The relationship is explored from different angles: in a multi-sector economy (Freni, Cozzi and Salvadori, *CP*), looking at human capital (Manfredi and Fanti, *CP*; Bucci, *ON*) or the division of labour (Lavezzi, *CP*), comparing the robustness of the various models (Guala and Salanti, *ON*). The Schumpeterian school is also examined in some detail (Santagelo, *CP*; Caminati, *CP*; Cozzi, *ON*), in particular the one that arises from Aghion and Howitt (Giammanco, *CP*; Eicher, *ON*).

It would be a rather tedious task to go over all the articles in these two books. Besides the main themes mentioned above, various issues are tackled by the numerous authors: for instance, the relationship of growth and the environment (Luzzati, *CP*), real business cycle models (Fiaschi and Sordi, *CP*), the interaction between growth and cycles, *à la* Goodwin (Sordi again, *CP*), consumption patterns in growth, beyond those of Pasinetti (Fiaschi (again) and Signorino, *CP*), and the enigma of medieval crafts (Carillo and Zazzaro, *ON*). There is also a chapter that gives a Lakatosian interpretation of the evolution of growth theory (Pomini, *CP*), in particular its strange disappearance from mainstream theory at the end of the 1960s, and its sudden revival in 1986. Indeed I remember quite vividly a ‘rational expectations’ advocate, a colleague of mine, asking me, when I was a young and fresh member of the teaching staff, why I bothered to offer a course on economic growth when such a topic was dead and out of fad. This was around 1984 or 1985. The rage then was (real) business cycles. The course on growth became fashionable again in our department about ten years later, at which point it was diplomatically taken away from me by growth-enthusiastic neoclassical colleagues!

There is, however, another school of thought which has emphasised some kind of endogenous growth, and which kept producing growth models through the 1970s and the 1980s – the Keynesian (or Kaleckian) school. This school is also given a large amount of space in the two books, and as a result of my own interests, articles devoted to this school will be the main arbitrary subject of my review.

D’Agata and Freni (*CP*) provide a survey of the main schools of growth models. They argue that there are two components to continuity through time. On the one hand, the classical school, as well as the Keynesian school and the Lucas-Romer school, underlines the fact that growth is something which is endogenously determined, in contrast to the Solow models. However, whereas the classical, new endogenous and Solow schools take investment to be determined by saving, this causality is reversed in the Keynesian models. We could equally call the new endogenous models *new classical growth models*!

Commendatore, D'Acunto and Panico (*CP*) provide a survey of Keynesian theories of growth. The paper does a good job. Harrod's growth model and the role of government in a growth model are discussed extensively. Kaleckian models, with their Marxist variants, are discussed neatly. The difficulties that Sraffian authors face when wishing to preserve both the Keynesian investment primal role and prices of production based on normal rates of utilisation are also well outlined, but the resolution that they offer is quickly skipped over. Finally the open-economy version of the Keynesian growth model, the Thirlwall growth rate constrained by balance of payments considerations, is also well summarised. Panico (*CP*) has a companion paper on his own, dealing with similar themes, but devoid of equations.

The article by Barbosa-Filho (*ON*) offers more details on the first of the possible Sraffian resolutions. This author supposes that there is some exogenous rate of growth in autonomous expenditure not going to investment (such as net exports and consumption). He then wonders whether and under what conditions the rate of capital accumulation converges to the exogenous growth rate in autonomous non-capital expenditure. Barbosa-Filho examines the various possible cases, under the assumption that the investment function depends on the profit rate. But the normal profit rate may rise or fall with the rate of capacity utilisation, depending on whether higher rates of capacity utilisation lead to increases or decreases in the ratio of the real wage to labour productivity. As is usual in these kinds of models, stability is guaranteed only when accumulation rates react positively to higher activity (thanks to higher profit margins), but less so than saving rates.

Petri (*CP*) provides some more insights as to what is the modern position of Sraffian economists on growth theory and the role of demand. Petri is quite adamant in his support of the Keynesian hypothesis, that is, the 'adaptability of productive capacity to demand' (p. 141). He argues, as would Kaleckian economists, that firms dispose of reserves of productive capacity, as well as stocks of intermediate goods in inventories, that allow them to respond to demand increases. Petri (p. 145) is in agreement with Keynesian economists such as Thirlwall in arguing that 'long-run output growth may be viewed as determined by the evolution of aggregate demand, with labour supply and capital accumulation *adapting* to aggregate demand, rather than *determining* it via the investment of full-employment savings'. In other words, the natural rate of growth is endogenous and demand-led. From this point of view, there is certainly little discrepancy between modern-day Kaleckians and Sraffians.

A.K. Dutt (*ON*) compares new growth theory with Post Keynesian growth theory. The main theme of the former is endogenous technical progress, whereas the latter is concerned with the effect of effective demand and the existence of unemployed labour. Dutt points out that even old neoclassical growth sometimes had an endogenous long-term growth rate; Kaldor's 1957 technical progress function and Arrow's learning-by-doing model, in essence, formalised endogenous technical progress; the difference is in the more sophisticated mathematics. By contrast, new growth theory does not deal with unemployment and effective demand, except to claim that unemployment is due to a mismatch between workers and plants. Dutt provides a long section on how technical change is incorporated into the newer Kaleckian models of growth, pointing out that it has been made endogenous, with feedback influences on investment rates and pricing mark-ups. Although Dutt recognises that Post Keynesian authors could learn a few things

from the new growth literature, he believes that the Kaleckian approach has several advantages, for instance its distinction between saving and investment, an analysis of the sort of technical progress, and the impact of labour shortages on technical progress. Dutt concludes (p. 94) by claiming, as do Kurz and Salvadori, but for different reasons, that new growth theory ‘appears far less revolutionary than it claims’, and that Kaleckian models, ‘by breaking free of the straightjacket of implausible dynamic optimizing myths’, offer more flexibility to incorporate relevant issues.

Setterfield (*ON*) supplies a variant of these demand-led Kaleckian growth models. His innovation is to introduce what he calls ‘changes in the state of long-term expectations’. This transforms the canonical Kaleckian growth model ‘from a traditional equilibrium model ... into one in which outcomes are path-dependent and the rate of growth is conceived as being determined by sequential processes unfolding in historical time’ (p. 321). Setterfield does this by altering the constant term in the investment function, making it an endogenous variable, which responds to disappointments or surprises relative to the expected rate of capacity utilisation. Setterfield finds that the variability of the firm’s state of long-term expectations makes it harder for growth to be increased by modifying the distribution of income. The impact of real wage increases is not as favourable as is the case in the standard Kaleckian growth model, while increases in profit margins slow down accumulation even more.

Thirlwall (*ON*) criticises new endogenous growth theory by arguing that it is hardly new and that ‘the true progenitor of new growth theory is Nicholas Kaldor’ (p. 50). Thirlwall sees little difference between the now popular AK model of growth and the old Harrod-Domar equations. He argues that empirical work conducted to give support to new growth theory omits demand-side explanations and the role of export growth, and he refers to some of his previous and current work that shows that, when these omitted variables are incorporated, the explanatory power of supply-side variables vanishes.

Chandra and Sandilands (*ON*) offer some empirical work of their own. At first their results are a bit surprising, taken from a Post Keynesian point of view. Making use of Granger-Sims causality tests, they show that (in India) ‘capital accumulation does not cause growth in the long run; rather growth is the cause of capital accumulation’ (p. 255). They interpret this through an Allyn Young explanation of cumulative causation. For them, growth is a self-sustaining process in which ‘growth itself breeds further growth’ (p. 247). New capital accumulation and the introduction of new processes, as well as their finance, ‘comes largely from the increased sales revenues in the growing economy’ (*ibid.*). From this they conclude that policy-makers should be concerned with the creation of a sufficient amount of effective demand; capital accumulation on its own is not enough. To achieve this, real wages of workers must be high enough – a proposal which is in line with the canonical Kaleckian model.

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**Anitra Nelson\***

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Ben Fine invited Alfredo Saad-Filho to co-author the fourth edition of this classic Marxian handbook. The work originally grew out of Fine's lectures at the University of London three decades ago. Set in contemporary discourses, it clearly summarises the analytical frameworks and arguments contained in Marx's political economy. At around 50,000 words it serves as an ideal undergraduate text. The fourth edition is an attractive production: ultra-white paper, good-sized font for the text and small enough to slip into your handbag.

Most readers who open this book will bring 'baggage' with them associated with the character of Marx and his works. Therefore it is useful that the authors take a straightforward approach. The first sentence in the first chapter sets the record straight: Marx was an activist, not just a famous writer and thinker. Though this work focuses on Marx in the context of political economy, the authors stress that Marx did not identify himself as an economist or political economist. He was a highly critical and original social scientist. Today we might speak of him as taking an interdisciplinary or transdisciplinary approach. However, or perhaps because of this, every serious student of economics is likely to benefit from a familiarity with the approaches developed by Marx and modern Marxians.

This work ably meets the challenge of identifying the key concepts of Marx's analysis that make his thinking relevant one and a half centuries later. Fine and Saad-Filho offer sensible interpretations of Marx as they take the reader on a tour that avoids delays from sidetracking into the complexities of the numerous discourses and schools associated with Marx's work. The text is not burdened with footnotes or copious references. Instead, valuable, if short, 'Issues and Further Reading' sections are appended to each of the 14 chapters and offer signposts and gateways to additional topics of interest.

Marx concentrated on analysing economic relations, structures and processes. In chapter 1 the authors identify five outstanding aspects of Marx's method: the central importance to social analysis of the concept 'mode of production' or the inescapable social relations of production; the specific significance of the concept 'surplus value' in understanding the dynamics of capitalist relations of production; the thoroughly anti-idealist approach that insists that concepts are subordinate to reality; the dialectical method of understanding social reality and the concepts that evolve through historical developments; the focus on social, technological and historical change. With respect to the latter, profit was a crucial concept in describing what drove capitalists, how workers were exploited, which natural resources were used and what technological (for example, machinery-based) changes were implemented.

In the second and third chapters of the book, the authors discuss concepts and theories that Marx introduced in *Capital I*: the commodity, labour, labour power, the labour theory of value, and then exchange, surplus value, capital, technology and exploitation. They offer an intelligent approach, distancing their

discussion from a focus on value and price, which has preoccupied mainstream economists and which they suggest revolves on narrow misconceptions of the role Marx intended for his labour theory of value. Instead they focus on production, on class as an expression of power relations and not only productive ones, and on commodity fetishism, which describes the manifestation of socio-psychological market behaviour. They examine Marx's analysis of the technological aspects of capitalism and associated concepts such as productive and unproductive labour, which have roused challenges from among Marx's followers as well as critics.

The content of the following two chapters is drawn from *Capital II*, on the circuit of capital in its three forms—labour, commodity and money—and an analysis of capitalism using the models of simple reproduction and expanded reproduction. Therefore, following Marx, the authors develop an analysis that moves from the agents, workers and capitalists, to sophisticated results like interest on capital.

Chapters six to thirteen elaborate on arguments that feature in Marx's *Capital III*: the technical, organic and value compositions of capital; the tendency and counter-tendencies for the rate of profit to fall; the so-called transformation problem, which is internal to Marx's theoretical framework, and his concepts of value and price; interest and financial capital; and Marx's approach to agricultural rent. The final chapter applies the authors' interpretation of Marx's approach to understand current issues, such as globalisation and class.

Finally, it is important to emphasise how Fine's and Saad-Filho's book is relevant to economic history. Obviously they write about the major works of a nineteenth-century thinker. Marx's critique was steeped in an appreciation of the historical development of economics, money and capitalism. Within economic history courses this work serves as an introduction to a challenging field of study. Perhaps most importantly, the Marxian approach forces students to think about the building blocks of both logic and their discipline.

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