

Studies of Neglected Thinkers

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Warren J. Samuels, ed., *European Economists of the Early Twentieth Century. Studies of Neglected Thinkers of Belgium, France, The Netherlands and Scandinavia*, Cheltenham, Glos: Edward Elgar, 1998, pp. xiv + 369. ISBN 1 85898 088 7. Price: £65.00

This is an unusual book. It concentrates on a number of minor figures in the history of economics in parts of Western Europe (The Benelux countries, France, Scandinavia) who, nevertheless, are said to have made worthwhile contributions to economics. A second, companion volume, presumably covers similar contributors from the Mediterranean countries and central and eastern Europe. Seventeen economists are included in the volume under review: six from France, six from Holland, two from Denmark and one each from Belgium, from Luxembourg and from Sweden. Not surprisingly, the contents of the book are rather heterogeneous. The accompanying table is therefore used to conveniently summarise aspects of this diverse content. Among these data, the table provides two indices of 'neglected'. Was the economic writer in question mentioned in J.A. Schumpeter's *History of Economic Analysis*, is one such index; inclusion as an entry in *The New Palgrave Dictionary of Economics* constitutes the other. Slightly less than half the economists included were mentioned at least once in Schumpeter's *History* (41.2 per cent); less than a third (29.4 per cent) were given individual entries in the *New Palgrave*. I myself had previously heard of six from the seventeen authors included; a test which other people could usefully set themselves before reading this volume, simply by examining the list of names (and associated data) provided in the table.

Other aspects of coverage can be mentioned in this review. For example, the description of the persons included in the volume as 'early twentieth century economists' is somewhat strained. Two of the economists included (Laurent and Leroy—Beaulieu) were essentially nineteenth century economists, while if the time when major contributions to economics were made is the test for this, then Westergaard likewise falls into this category. Others are mid-twentieth century contributors, making their major mark in the post-World War II period. To describe all the persons included in the volume simply by the word, 'economist' makes this much-abused term also rather elastic. Some of the writers included are more aptly described as social thinkers and reformers, who in this context were interested in certain types of economic issues and raised them in their writings. The rationale for choosing the individuals selected is not made explicit and, on reflection, after reading the book as a whole, raises a number of problems, including exclusions. (This reviewer, given his Dutch origins, was surprised at the omission of Dr. Martinus Holtrop, who wrote an important book (based on a doctoral dissertation) on the history and notion of the velocity of circulation of money and later, as its Director, wrote fascinating introductions to the annual reports of the Nederlandse Bank which made very interesting reading).

Name	Gender	Lifespan	Cited In		Nationality	Type of Economics
			JAS	NPD		
Cobbenhagen, M.J.H.	M	1893-1954			Dutch	Economic Ethics & Methodology
Colson, Clement	M	1853-1939	✓	✓	French	Mathematical Economics
Cornelissen, Christiaan	M	1864-1942			Dutch	Anarchist Labour Economics
De Wolff, Sam	M	1878-1960			Dutch	Marxian Economics
Divisia, François	M	1889-1964	✓	✓	French	Mathematical Economics
Gibrat, Robert	M	1904-1980		✓	French	Income Distribution
Koopmans, Johan	M	1900-1958	✓		Dutch	Monetary Economics
Laurent, Hermann	M	1841-1908	✓		Luxembourg	Economic Statistics
Lenoir, Marcel	M	1881-1927			French	Mathematical Economics/ Econometrics
Leroy-Beaulieu, Paul	M	1843-1916	✓	✓	French	Public Economics
March, Lucien	M	1859-1933			French	Econometrics
Solvay, Ernest	M	1838-1922			Belgian	Social Economics
Steffen, Gustav	M	1864-1929	✓		Swedish	Social Economics
Van Cleef, Ed	M	1899-1972			Dutch	Economic Planning
Van Dorp	F	1872-1945			Dutch	Capital Theory
Warming, Jens	M	1873-1939		✓	Danish	Economic Theory
Westergaard, Harald	M	1853-1936	✓	✓	Danish	Mathematical Economics

The general editor of the series of which this book is a part, in his brief introduction to the volume, explains aspects of this problem by presenting the rationale for the collection (and its companion volume to come). This is 'to rescue these more or less hitherto neglected economists from the dustbin of history, and thereby to contribute a fuller picture of what was going on in the discipline on the continent of Europe...., to resuscitate the historical memory of the discipline... [because] without people such as those included [in this volume] the history of economic thought is myopic, insular and provincial.' (pp. xi, xiii). Although I personally am not unsympathetic to such a philosophy of writing the history of a discipline, I am less sure whether the strategy here adopted – of writing individual portraits of selected, neglected figures from economics – is the most appropriate way of addressing this potential imbalance. From my own experience of studying, and writing, about minor economic thinkers in Australia (including social reformers, economic heretics and cranks), it seems more illuminating to place them in a national context, since much of their writings were driven by specific national issues and requirements. In my case, this national dimension was an essential part and parcel of the study, because the work in which it was published was one of a series of national histories published by Routledge a decade or so ago (covering the economies of Canada, India, Japan and Sweden, as well as Australia). These volumes illustrate the potential for success to cover all types of economic thought by means of such a national approach. European counterparts of these volumes (neglecting the one on Sweden from the moment) would be able to set the various types of authors which individual countries tended to produce within their crucial, historical, national context, which is virtually indispensable for grasping the nature of such, generally, nation-specific phenomena as economic reformers.

Such nation-specific qualities are implicit in the contributions to this volume. The French authors included, almost to a man, are part of that peculiar French engineering tradition which obtained its training in the French polytechnics rather than the universities, and who constitute a very special, and significant, chapter in the history of French economics. Not of course the only chapter, because there were other, important traditions deserving their own chapter in an explanation of the growth of the discipline in France. The liberal school stemming from Bastiat, of which Leroy-Beaulieu was an offshoot is another. Likewise, a history of economics in Belgium, even if confined to the post-1830 period when Belgium became an independent nation, would raise many more names than that of the single social reformer included in this book, whose career may not even be representative of the Belgian economist species. A Danish history of economics may also yield more widespread results than the two persons included in this volume (both of whom, incidentally, were included in the *New Palgrave*, thereby making Denmark the only country with such complete coverage in the sample of European economists by nationality here included).

Enough has been said to indicate the nature of some of my reservations about this project. Nevertheless, the volume under review makes interesting, and instructive, reading but, this reviewer has to ask, precisely of what? These seventeen sketches of individuals are inadequate to satisfactorily portray a generally neglected 'underclass' of economic thinkers within the half dozen or so countries covered. The coverage is too haphazardly selective, so that as a general remedy for the problem in writing the history of economics diagnosed in the editor's introduction, the device is very imperfect. However, if this, and the successor-volume, encourage greater inspection of a wider array of economic writers by country than has been practised in the past, through specifically including the less well known (and brilliant?), then the venture will have acted as an important catalyst in stimulating research into an important range of issues in the development of economics, past and present.

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The Origins of Classical Economics

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Aspromourgos, A., *On the Origins of Classical Economics: Distribution and Value from William Petty to Adam Smith*, Routledge, London & New York, 1996. (ISBN: 0 415 12878-1, £37.50, pp: xiii, 222)

It is always worthwhile for economists to reflect on the economic achievements of Sir William Petty, nowhere more so than in Ireland which provided a rich source of inspiration (not to mention financial gain) for the author of the *Down Survey*. It was this "massive undertaking" in 1655-66, according to Tony Aspromourgos, that gave Petty "a wealth of empirical knowledge to which he could apply his theoretical ideas and empirical method. It may also be understood as a watershed which marked the end of his primary interest in natural science and the beginning of a sustained interest in political, social and economic subjects". Petty went on to publish *A Treatise of Taxes and Contributions*, his first major economic work, and in the 1670s he prepared the manuscripts for *Political Arithmetick* (1690) and the *Political Anatomy of Ireland* (1691). These were followed by lesser works until the appearance of the remarkable *Quantulumcunquę concerning Money* (1695).

Aspromourgos' book is a well-crafted and illuminating account of Petty's life and work, which traces the origins of Petty's approach to economic analysis and situates it not only within the classical tradition up to and including Adam Smith but also within a broader set of philosophical influences associated primarily with Thomas Hobbes. While the importance of Petty's role as the 'founder of modern political economy' has been recognised for some time, most famously by Marx, it would be difficult to find a previous interpretation that has addressed the nature and implications of this contribution with the clarity of this one. Building on the work of Sraffa, Garegnani and others, Aspromourgos takes as the central theme of classical writings the analysis of the concept of 'social surplus', which measures the residual difference between total production and necessary consumption and, in so doing, explains distribution by reference to various stages in the development of a labour theory of value. He begins by identifying in considerable detail Petty's efforts to establish a preliminary understanding of the surplus approach; he then investigates the evolution of this approach in the more systematic work of Cantillon and Quesnay, the deeper insights of Steuart and the 'grand theory' of Smith; and he concludes with some observations on the modern relevance of the approach as a logically consistent alternative to the neoclassical orthodoxy.

Petty's primary interest in the *Treatise* was to demonstrate that a social surplus provided the scope for taxation and public expenditures, especially on infrastructure and employment, and this in turn required him to explain the 'mysterious nature' of rents as the form in which the surplus appeared in a predominantly agricultural economy. He constructs an abstract corn model with a single producer and an annual production cycle:

when this man has subducted his seed out of the proceed of his Harvest, and also, what himself hath both eaten and given to others in exchange for Clothes, and

other Natural necessities, that the *remainder* of Corn is the natural and true Rent of the Land for that year (Emphasis added).

Petty goes on to formulate a labour theory of value – ‘a real and not imaginary way of computing the prices of commodities’ – not only to encompass the existence of heterogeneous goods but also to distinguish the issue of currency debasement which had given rise separately to a quantity theory of money among some writers of this and later periods in the context of the influx of gold and silver from the New World. While Aspromourgos in the opinion of this reviewer does not give sufficient recognition to the anti-quantity theory aspects of Petty’s work, he does trace with impressive attention to detail the development of the value analysis itself and its importance in the surplus approach. Petty establishes price ratios as follows:

If a man can bring to London an ounce of Silver out of the Earth in Peru, in the same time that he can produce a bushel of Corn, then one is the natural price of the other; now if by reason of new and more easie Mines a man can get two ounces of Silver as easily as formerly he did one, then corn will be as cheap at ten shillings the bushel, as it was before at five shillings *ceteris paribus*.

Aspromourgos also examines the relationship between the value analysis and Petty’s interest in technical progress and the division of labour, where he prefigures much of the discussion by Smith and other classical economists. The significance of Petty’s account lies not just in being so far ahead of its time in its investigation of these issues, but in employing the method of ‘political arithmetic’, which he accepts is ‘not yet very usual’; instead of using ‘comparative and superlative words’, he was determined to express himself ‘in Terms of Number, Weight, or Measure; use only Arguments of Sense, and consider only such Causes as have visible Foundations in Nature’. Aspromourgos cites by way of illustration a meeting of the Royal Society where Petty took issue with a speaker’s use of the words ‘considerably bigger’. The record of the exchange included the following: ‘Sir William Petty cautioned, that no word might be used but what marks either number, weight, or measure’. Marx also characterised political arithmetic, clearly referring to Petty’s work, as ‘the first form in which political economy is treated as a separate science’. A particular strength of Aspromourgos’ book is its consideration of the influence of this political arithmetic on later writers, beginning with Richard Cantillon.

Aspromourgos notes that while Cantillon’s debt to Petty in his *Essai sur la Nature du Commerce en Général* is much greater than the limited formal acknowledgement he provides, he does make further advances in the development of a theory of prices and circulation, and these in turn form the basis for the subsequent contribution by Quesnay and the Physiocrats. Unusually, Aspromourgos even devotes a chapter to the intriguing but quite different formulations by Petty and Cantillon of a ‘par of value’ between land and labour. These had their origins in the search in Petty’s case for a more reliable numeraire, particularly, as Aspromourgos puts it, ‘the desire to distinguish sources of variation in the monetary value of economic variables’, and for Cantillon the attempt to investigate ‘more deeply the significance of his theory of production and value’ (p 101). The rest of the book covers more familiar ground, but even here there are further fruitful insights into the ‘Petty-Cantillon-Quesnay nexus’, including progress in the recognition of capital as a conceptual category in François Quesnay’s *Tableau*, compared with the pre-capitalist formulations in the work of his predecessors. A sense of completeness is provided by the chapter on the formidable but still largely neglected Sir James Steuart’s Inquiry into the *Principles of Political Oeconomy*, which was to be so dramatically superseded by Adam Smith a decade later.

While Steuart’s exploration of the surplus approach was novel in many ways, it was undermined by its two most striking weaknesses, which were ‘the lack of any definite

principle for determining the distribution of the surplus and the lack of any clear conception of capital advances and profitability in relation to pricing'. These weaknesses threw into sharp relief the 'fundamental advance' of Smith's *Wealth of Nations*, where 'capitalist competition is the central organizing principle of price formation' (p.144). However, Aspromourgos' book is not meant simply to resurrect classical economics as an historical artifact but to argue, like Sraffa and Garegnani, for its superior validity as a theory of value and distribution and, in conjunction with Keynes' principle of effective demand, as a separable but more consistent basis for the theory of output and as a better explanation of persistent involuntary unemployment than that provided by the marginalist orthodoxy. Indeed, he suggests that one reason why this orthodoxy has been 'subject to persistent dissent' is that it has 'an inherent tendency to deprive economic life of its social character and thereby emasculate economic science as a species of social theory' (p.169). Sir William Petty may be accused of many things, notably his all too enthusiastic collusion in the English subjugation of Ireland (which Aspromourgos in common with most interpreters skates over), but not of exhibiting this tendency in his work. On the contrary, a powerful distinguishing characteristic of the classical surplus approach is its comprehensive view of the social and economic development of nations.

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