Book Reviews

Editor’s Note: Guidelines for Selecting Books to Review

Occasionally, we receive questions regarding the selection of books reviewed in the Journal of Economic Literature. A statement of our guidelines for book selection might therefore be useful.

The general purpose of our book reviews is to help keep members of the American Economic Association informed of significant English-language publications in economics research. We also review significant books in related social sciences that might be of special interest to economists. On occasion, we review books that are written for the public at large if these books speak to issues that are of interest to economists. Finally, we review some reports or publications that have significant policy impact. Annotations are published for all books received. However, we receive many more books than we are able to review so choices must be made in selecting books for review.

We try to identify for review scholarly, well-researched books that embody serious and original research on a particular topic. We do not review textbooks. Other things being equal, we avoid volumes of collected papers such as festschriften and conference volumes. Often such volumes pose difficult problems for the reviewer who may find herself having to describe and evaluate many different contributions. Among such volumes, we prefer those on a single, well-defined theme that a typical reviewer may develop in his review.

We avoid volumes that collect previously published papers unless there is some material value added from bringing the papers together. Also, we refrain from reviewing second or revised editions unless the revisions of the original edition are really substantial.

Our policy is not to accept offers to review (and unsolicited reviews of) particular books. Coauthorship of reviews is not forbidden but it is unusual and we ask our invited reviewers to discuss with us first any changes in the authorship or assigned length of a review.

B History of Economic Thought, Methodology, and Heterodox Approaches


Who was Joan Robinson?

When Joan Maurice went up to Cambridge to study economics at Girton College in 1922, women had just been allowed degree titles at the University but only the following year were they admitted to the University Library and University Lectures. They also became eligible for University teaching posts and membership of Faculties and Boards of Faculties but had to wait until 1948 to be granted full membership to the University of Cambridge.

No more than 500 women were accepted as students at any one time; the class lists of candidates to the Tripos—the Cambridge examination ending the three-year honors degree course—were to be given separately. A separate room was provided for women students to sit their exams but, in each honors class, the same standard was set for men and women.
It was through Alfred Marshall—who engineered the establishment of a separate Tripos in 1903—that economics became an autonomous and respectable academic discipline in Cambridge. Marshall was economics and the “Principles were the Bible” (Joan Robinson 1951, p. vii). When Joan Maurice came to study economics, however, it was in the form taught by Arthur C. Pigou, who had worked the hard core of Marshall’s analysis into a system of static theory.

After two years in India, where she had followed her husband Austin Robinson to a job as tutor of the Maharajah of Gwalior, Joan, now Robinson [henceforth JR], came back in 1928 and settled in Cambridge. There she made acquaintance with two people who were to become pivotal in her intellectual and emotional life—Richard Kahn and Piero Sraffa. The occasion arose when she was attending Sraffa’s lectures, which the Italian economist, rescued by John Maynard Keynes from Mussolini, had started giving that year. Sraffa’s course was also followed by Keynes’s favorite pupil Kahn, who was preparing his fellowship dissertation on the Economics of the Short Period (Kahn 1989). The work remained unpublished for many years but it has been recognized as a seminal contribution to the theory of imperfect competition and what eventually became Keynes’s “short-period method.”

Many years later, JR gave a vivid account of the impact of Sraffa’s lectures: “[they] were penetrating our insularity. He was calmly committing the sacrilege of pointing out inconsistencies in Marshall” (Robinson 1951, p. vii). At the core of Sraffa’s critique of the Marshall–Pigou apparatus was the assumed symmetry of demand and supply in the determination of relative prices of individual commodities produced in competitive conditions.

The economic debate of the late 1920s revolved around these issues in Cambridge. It started with an opening round of controversies over increasing–decreasing returns definitions of industries and was followed by a second round of contributions over the more general issue of the consistency and realism of Marshallian supply and demand analysis. In 1930, a symposium in the Economic Journal on the representative firm added fuel to the controversy.

JR’s appearance as contender in this arena was greeted with wonder. “Who is Joan Robinson?” Gottrieff Harbeler asked Kahn, after reading an article signed with that name in the Economic Journal of December 1932 on rising supply price and added: “The Christian name sounds like a woman’s, but the article seems to me much too clever for a woman.”

Defender of Marshall’s Box of Tools

JR’s first publication was a contribution to the debate on Marshallian tools of analysis. Economics is a Serious Subject, anonymously dedicated to Sraffa, dealt with the questions raised in those discussions with a more general aim in mind, i.e., to defend the methodology of making unrealistic assumptions against the charge of the mathematician, who would defend logic against realism, and the charge of the plain man, who would do exactly the opposite (Robinson 1932). In this pamphlet, while Sraffa was cast as a “fundamental pessimist,” she would prefer to label herself, together with Kahn and Austin Robinson, as an “analytical optimistic”—one who will make hypotheses acknowledged to be heroic in order to be able to give formal treatment to an economic problem.

When Economics is a Serious Subject was published, the book destined to bring her fame and academic respectability, The Economics of Imperfect Competition, had already been completed. As in the case of Kahn’s dissertation, the starting point of her book was Sraffa’s proposal “to re-write the theory of value, starting from the conception of the firm as a monopolist” (Robinson 1969, p. 6); its aim was to extend the marginal technique to all market forms and respond to the challenge posed by Sraffa.

JR sought to demonstrate that, if either factor heterogeneity or factor specialization were allowed for, the supply curve for a single industry could—contrariwise to Sraffa’s claim—in fact be rising. In his 1926 article, Sraffa’s point was that factor supply, although fixed in the system as a whole, may be considered infinitely elastic for an industry since increasing costs are confined to the rare case of an industry in which there is a specialized factor employed exclusively by that industry (Sraffa 1926). She set out to find cases in which an industry uses a specialized factor and provided a classification of such cases, her
argument being that, since a priori intermediate cases between perfectly elastic and perfectly inelastic supply of a factor cannot be ruled out and since they can effectively be found in reality, there was no reason why they should be dismissed as irrelevant. Her approach is neatly summed up in her letter to Sraffa of 1931: “I am not trying to defend Marshall and his knife handles. I do not mind how few the cases of [increasing] [returns] there are as long there are some on which I can use our ingenious analysis of monopoly under [increasing] [returns].”

Sraffa had questioned the Marshallian assumption of perfect competition in the presence of increasing returns and the asserted independence of demand and supply schedules. Robinson did not take these points on board as implicating the abandonment of Marshallian theory; rather, she was looking for a form of apparatus which could be made consistent with ad hoc assumptions.

Apostle of the Keynesian Revolution

Although JR openly disowned her Economics of Imperfect Competition only in 1953, as from 1934 she sidelined these issues, throwing herself wholeheartedly into the Keynesian Revolution. This she began by assisting Keynes in the transition from the Treatise on Money to the General Theory and then set about elaborating, popularizing, and defending its message.

Her involvement started when she helped Kahn to finish the index of the Treatise on Money in September 1930 and became deeply involved in the activities of the Circus—the group of young economists who met between January and June 1931 to discuss Keynes’s book. She wrote a paper, “A Parable on Saving and Investment,” where she attacked Keynes’s main argument in the Treatise as “tacitly assuming that output was unchanged” (Robinson 1933, p. 82).

In the Lent term of 1932, while attending Keynes’s lectures, some of the Circus members—notably Kahn and Joan and Austin Robinson—signed a Manifesto in which they challenged certain propositions asserted by Keynes in his lectures. They argued that Keynes’s “new” argument that an increase in investment leads to an increase in output requires that output of consumption goods be increased. This was a generalization of the mechanism presented in Kahn’s multiplier article of the previous year (Kahn 1931), which studied the effects of increased investment on the demand for consumption goods and their prices, where the latter depend on the elasticity of the supply curve of the consumption goods (Maria Cristina Marcuzzo 2003). They went on to state that the appropriate method to tackle the problem was “Supply and Demand.” Keynes was persuaded. Perusing his Autumn 1932 lectures—whose title was changed from “The Pure Theory of Money” to “A Monetary Theory of Production”—we begin to come across the expression “demand as a whole relatively to supply as a whole” (Keynes 1979, p. 53).

Kahn and JR influenced the introduction of the method of supply and demand in the argument of The General Theory and, in particular, the use of the short-period supply curve derived in conditions of a given degree of competition. This was the result of their common belief in the validity of the Marshallian apparatus (supply and demand plus marginal analysis), generalized in the work they had done in The Economics of the Short Period and The Economics of Imperfect Competition and extended to deal with the effects on prices and output of consumption goods following an increase in investment.

In “The Theory of Money and the Analysis of Output,” published in October 1933, JR set out her criticism of the Treatise (“This argument is valid upon the assumption that an increase in demand for consumption goods leads to no increase in their supply”; see Robinson 1951, p. 55), urging Keynes to take the analysis to its conclusions, i.e., that “output may be in equilibrium at any number of different levels” (Robinson 1951, p. 56).

In the following months, she became more closely involved in the development of Keynes’s work and was among the recipients of the first proofs of the General Theory, which she commented on in June 1935. Shortly afterwards, she wrote some essays drawing riders from the General Theory (which were published as Essays in the Theory of Employment in 1936), subsequently embarking on the project of writing a version of the General Theory suitable for teaching to first-year students; this was to be...

By that time, she had become an apostle and a proselytizer of the Keynesian revolution, eager to teach and propagate it. She was accused of being fiercely opinionated, one-sided, and bad-mannered and, as a result, her path to acceptance in the Faculty of Economics of Cambridge was littered with obstacles. Despite an impressive record of publications, she was made Full Professor only in 1965.

*Heroes, Apprentices, and Innovative Thinkers*

A segment of this story, from the time when JR was invited to give eight lectures at the Faculty of Economics (1931), through the two years as Probationary Faculty Lecturer until she was at last made Faculty Lecturer (1938), constitutes this book’s timeframe and object of inquiry. Its scope is summarized by the authors as follows: “This book is an investigation of the circumstances under which [JR] achieved recognition as an innovative thinker and became a leading figure in the most exciting theoretical movement of the time” (p. 50).

This passage captures the letter rather than the spirit of the book—its contents rather than the motivations behind it, which are best revealed in an observation the authors make in the Introduction: “In the received historiography of interwar economics at Cambridge the favoured genre is the epic . . . Homeric adventures of ideas” (p. 15). The authors aim to counteract the “mythical” epic with a less glamorous and more realistic narrative, recounting the saga of master-apprentice relationships, admissions rituals and membership criteria, the dominance of patronage and social network: the small world of a guild of metiers.

JR’s activities in the 1930s are seen as a process of career production and professional identity construction, to be examined in terms of strategies and tactics to achieve the objective. In understanding the Cambridge economics of the time, they say, the unit of analysis is not the heroic single theoretician, but “an epistemic community: the Marshallian guild.”

Is our knowledge enriched, our understanding of the times enhanced, by this switch in approach? A distinction has to be made here between the material that the book offers the reader—the primary sources—and the interpretation the authors make of it. There is no doubt that their archival research is impressive. My only qualm is that they give no information as to when they are quoting a hitherto unpublished source. In any case, they dwell on JR’s correspondence up to 1938 more extensively than anyone before. They have managed to reconstruct episodes and circumstances in her life (such as the fateful weekend of October 1938 that led to her being hospitalized as a psychiatric patient for six months) and make sense of a number of scrawls in the letters of this period over which many have labored (see Marcuzzo and Annalisa Rosselli 2005).

The chronicle of events is lucidly narrated with a wealth of footnotes and background references, meeting a high standard of historical investigation. Similarly, their reconstruction of Cambridge academia—the “research as dialogue” style—is full of informed and illuminating details. Their prose is refined, clear, and enthralling. Still, I cannot find myself in accord with their picture of JR and the Cambridge group of economists with whom she was mostly associated. They leave too much out by insisting on the guild analogy and, as is often the case with analogies, the resemblance is carried too far. Let me give two examples to explain why I find their account wanting in some respects.

Firstly, the reader is not provided with a full understanding of the intellectual divide between Sraffa and Robinson, which may help to explain why Sraffa rapidly abandoned imperfect competition and why, twenty years later, JR disowned it. In the 1930s, far from rejecting the postulates of Marshallian theory she defended them; in the early 1950s, when she became aware that Sraffa’s scientific project meant a return to classical political economy as a radical alternative to the Marshallian method and theory, she was one of few among the Cambridge economists to endorse it, although she was never able to convince Sraffa that she understood it (Marcuzzo 2005).

Secondly, the authors seem unconcerned about which aspects of Keynesian economics were high in JR’s agenda in the aftermath of the *General Theory*; this is a pity, for they may help to explain why she is considered the midwife
to post-Keynesian economics. She was the first to recognize that, in some respects, Kalecki’s framework was superior to Keynes’s and made an early attempt to enlarge the scope of analysis to incorporate technical change, innovations, and changes in income distribution. Rather than following Hicks’s reconciliation of Keynes with “classical theory” with his restatement of the General Theory in terms of IS–LM, she attempted to bridge Keynes, via Kalecki and Sraffa, to Marx and the classical authors.

Cambridge economics was not a unified body of thought and Cambridge economists, while valuing intellectual partnership, dialogue, and criticism, had each their own agenda, reflecting their political, social, and individual concerns. The bond was not a guild but a community sharing values and interpersonal commitments.

While Schumpeter’s view of them as accustomed to “throw their ideas into a common pool” is too rosy a picture, the authors of this book come close to parody when they claim that “Cambridge economists were operators of small scale intelligence networks that exercised surveillance over colleagues and extracted intellectual resources that could be employed to advantage” (p. 148).

The network of personal, emotional, and intellectual bonds interwoven in the texture of Cambridge economics, which fascinated and attracted many scholars well into the 1970s, is downsized to a world of strategic moves that need to be scrutinized and explained in terms of payoffs—repetitive and zero-sum games.

Are we any the wiser by being told that JR played the academic game according to the rules of Cambridge (different but certainly not barren from the Chicago, Vienna, Harvard, or the LSE of yesterday or of today for that matter)? Is the Cambridge tradition of economics made less inspiring by the discovery of its embedment in the social construction of doing economics of its time? Are those whom Roy Weintraub epitomizes in the blurb to the book as “individuals engaged in defending the Cambridge tradition” to be unmasked as worshippers of false idols?

I expect this book will raise dust but I fear it hardly suffices to do justice to the images of Joan Robinson, and of Keynes, Kahn, and Sraffa, and their standing in the history of economic thought—neither masters and apprentices nor Homeric figures and heroes but innovative thinkers and human beings, more gifted than most.

REFERENCES


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C Mathematical and Quantitative Methods


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Early in his new book, Experiments in Economics: Playing Fair with Money, Ananish Chaudhuri states that “...this book is written for people with no background in economics” (p. 1). Instead, it is intended for individuals who,