

Tiziano Raffaelli, Giacomo Becattini, Katia Caldari, and Marco Dardi (eds) *The Impact of Alfred Marshall's Ideas. The Global Diffusion of his Work*, Cheltenham: Edward Elgar, 2010, pp. xvii, 251.^(*)

This fascinating collection of essays is divided into six different sections. Part I is entitled 'Conventional' and 'New' Views of Alfred Marshall. Part II deals with the reception of Marshall's work in Britain, Part III with that in other English speaking countries, Part IV with Continental Europe, Part V with Asian countries, and Part VI with the views of Marshall associated with Pareto, Schumpeter, and Georgescu-Roegen. The result is a volume full of interest. Given that, as George Stigler once remarked, Marshall's *Principles* is "the second greatest work in the history of economics" (1962, p. 282) ever written, and it was through this book that Marshall became known throughout the world, the focus of the essays is necessarily very largely on the impact of that book. The geographical coverage is astonishingly wide, even though there are gaps about which the editors are candid – there is nothing about Latin America nor, most surprisingly, about South Africa.

The editors identify three main questions. "(1) When and how did Marshall's economic writings – or their translations – spread through the country? (2) What was their impact on the state of economic ideas in the country and on their subsequent evolution? (3) Which aspects of Marshall's approach were most widely accepted and developed, and which were rather criticised or ignored?" (pp. xi-xii). Despite the huge task involved in attempting to assemble answers to these questions, the contributions manage to provide a remarkable amount of information. The one surprising omission is that none of the authors, nor the editors, seems to have used Macmillan's archives (though the United States chapter does take sales figures from a 1942 article by Daniel Macmillan – p. 64). Thirty years ago the sales figures were certainly available (O'Brien 1981/1994 p. 289) and it is perhaps surprising that nobody seems to have approached the question of whether a breakdown of these, at the very least between home and overseas sales, is still available.

Part I contains two essays. That by Anthony Brewer has to cope with the impossible task of presenting an account of the 'conventional' interpretation of Marshall's place in the history of economic thought. He provides instead a brief recapitulation of material from Keynes's

* I am grateful to John Creedy for comments on an earlier version of this review, and for the point about 'Harberger triangles' noted in the text.

classic essay through to Mark Blaug. For my taste he accepts too readily Schumpeter's denigration of Marshall's originality. Peter Groenewegen in the second essay in Part I then provides a brief over-view of recent Marshallian commentary. Given the scholarship underlying this short essay, one can only regret its brevity. It is however particularly nice to see Terence Hutchison's *Review of Economic Doctrines* (Hutchison 1953) given proper recognition, while Stigler's criticisms of Marshall from a standpoint of perfect competition (Stigler 1940) are rightly questioned.

Part II deals with the reception of Marshall's work in Britain. There is a very short essay by Keith Tribe which, like that by Peter Groenewegen, leaves one wanting more. In particular he does not discuss the influence of Marshall at LSE during Cannan's time (OBrien 2007, pp. 199-200). He points out that Pigou was "spiritually destroyed" by his experiences in the first World War (undertaken, as Phyllis Deane's book on J.N. Keynes demonstrates, in the teeth of hostility from parts of the Cambridge establishment – Deane, 2001, pp. 259-61) and it is particularly distasteful to recall that Pigou was pursued relentlessly within Cambridge by those opposed to Marshall's legacy. Tribe concludes with a reference to Harry Johnson's "withering critique of postwar Cambridge economics" (p.48) which is certainly worth reading (Johnson 1978). Tribe's contribution is preceded by a contrastingly long essay by Carlo Cristiano about which I must admit to having quite serious reservations. A central role is attributed to the much-invoked 1926 Sraffa article. This is described as "devastating" (p.24). Sraffa's article is elevated to the standing of "the main attack" (p. 23) and even as having "entered into the Cambridge mind like a hot knife through butter" (p.25). The Sraffa article criticised the use of partial equilibrium analysis as involving interdependent demand and supply curves and the idea of external economies which, it was asserted, were unsuitable for partial equilibrium analysis. But this seems to have been designed to clear the way not for general equilibrium but for a return to the value theory of Ricardo and/or Marx, as was indeed later to become apparent in Sraffa's work. Sraffa indeed suggested that a constant cost value theory was appropriate. ("And so, as a simple way of approaching the problem of competitive value, the old and now obsolete theory which makes it dependent on cost of production alone appears to hold its ground as the best available" – Sraffa 1926/1953 pp. 186-7.) This could hardly have launched the work associated with Joan Robinson and Richard Kahn, which certainly helped to displace Marshall's influence, since the criticisms of partial equilibrium were equally, indeed even more, applicable to that work, which is not set within a general equilibrium context. Joan Robinson's animus towards Marshall was

essentially that he had avoided the kind of sweeping welfare judgements that she was to make in *Imperfect Competition* (Robinson 1933; O'Brien 1983/1994 pp. 279-80, 281-2). The same point concerning partial equilibrium applies to Sraffa's approval in the second part of his two part article (one part having already appeared in an Italian journal) for monopoly theory. (It might also be noted that Marshall's monopoly theory, with the capacity to cope with multiple equilibria, was superior to that of the 1930s, which was in any case mathematically only a trivial variation on his work - O'Brien 1984/1994 pp. 250, 270; Creedy and O'Brien 1991/1994 p. 350). Oddly enough the key article criticising the increasing/decreasing cost controversy, that by Lionel Robbins (1934), which really did draw upon general equilibrium (of the Austrian variety), is not mentioned in this chapter.

The importance attached to Sraffa's article reflected not so much its content but the impatience of younger economists in both Cambridge and Oxford (as I learned from Henry Phelps Brown many years ago) with the Marshallian establishment and what they perceived to be its unwillingness to come to firm conclusions about particular problems.

I also have reservations about the treatment of money in this chapter; Dennis Robertson is hardly mentioned, and only in the context of his *Study of Industrial Fluctuations* (Robertson 1915) where it appears to be bracketed with Keynes's *Indian Currency and Finance* (Keynes 1913) although it was a completely different kind of work, based in the trade cycle literature, and differed significantly from Robertson's monetary work in the 1930s which was much more Marshallian.

But having got all that off my chest, this is a long chapter containing references to a mass of literature from a prolix period, and others may find Cristiano's account of the era more persuasive than I do.

Part III of the book dealing with English speaking countries covers Canada (Robert Dimand and Robin Neill), the United States (Roger Backhouse, Bradley Bateman, and Steven Medema), Australia (Peter Groenewegen) and New Zealand (Anthony Endres). These are all very interesting essays, especially the first three. Surprisingly, Marshall made little impact in Canada, and the authors quote Craufurd Goodwin's view that "Canadians were neither a stimulating nor a receptive audience for an economic theorist" (p.56). Given the influence and activity of John Bates Clarke, and the ferocious American market for textbooks, it is

surprising how much impact Marshall's work had in the United States. It is true that, compared with the huge scale of American textbook sales, the absolute levels of the sales of Marshall's books were quite modest, because it was primarily used by postgraduates. As already noted, this chapter stands out for providing some data on sales which is lacking elsewhere in the book. An extraordinary spectrum of economists found Marshall interesting, ranging from those in Chicago at one end of the spectrum, through Chamberlin, to Veblen at the other. Samuelson's negative attitude seems to have found remarkably little imitation. Nevertheless there was an element of insularity; what are referred to in the United States as 'Harberger triangles' feature of course in Marshall, and of course in his own predecessors. Peter Groenewegen's account of Marshall's reception in Australia is again frustratingly short, though there is a reference to his earlier (1988) article. In Australia Marshall was a predominant influence from the 1920s to the 1950s, and was subsequently smuggled into another course by Groenewegen himself. It is gratifying to learn that the strategy paid off so handsomely that many of the students who took this course found Marshall superior to "micro-economics of prices and markets offered in more contemporary texts" (p. 85). Anthony Endres found the influence of Marshall in New Zealand to be limited. It was exercised mainly through links between Cambridge itself and New Zealand higher education.

In Part IV we have Marshall in Continental Europe. Here the picture is very mixed. The countries covered are Sweden, Norway, Poland, Russia, German-speaking countries, Holland, Belgium, France, Italy, Spain and Portugal. In Sweden (Bo Sandelin), the dominant influence, not surprisingly, was Wicksell; but in Norway (Tore Jorgen Hanisch and Arild Soether) Marshall had much more impact. Despite the early links between British economics and Poland, Marshall made little impression in the country, even before the Soviet take over. The same is true in Russia (Irina Eliseeva) where Marshall had made little impact even before it became too dangerous to study any form of economics other than Marxism at the end of the 1920s (p. 124). Since 1993, however, Marshall has received more respectful attention. German speaking countries (Volker Caspari) are covered in only six pages, and Marshall seems to have been squeezed out between the Austrians and the Historical School, and later by Cassel. The chapter on Holland (Arnold Heertje) is largely about Pierson, with limited impact for Marshall otherwise. The lack of impact is true of Belgium as well (Guido Erreygers). The account of Marshall in France (Michel Quéré) is, perhaps unintentionally, entertaining; there appears to have been an almost comic desire to avoid any acknowledgment of Marshall's importance. In addition there was the well-known mutual

antagonism between Marshall and Walras, and what Quéré neatly refers to as the French ‘esprit cartésien’ (p. 148) so alien to Marshall’s emphasis on the confrontation between theory and empirical material. But after World War Two, things changed sharply with the work of François Perroux as well as, under Italian influence, the development of (the non-cartésien) industrial economics. In Italy itself (Mauro Gallegati and Riccardo Faucci) Marshall made far more impact than might have been expected, in contrast to the Low Countries or France. The subtleties of Marshall’s work, and his favourable view of biological analogies both seem to have appealed. With the work of Becattini from the 1960s (p. 157), the importance of Marshall’s appreciation of industrial processes also came into focus. The chapter on Spain by Lluís Argemí, unfortunately curtailed by the author’s death, reveals Marshall’s work to have made little impact in that country, where economics itself remained underdeveloped before the 1950s. The same was true of Portugal, though there was some Marshallian influence transmitted through Italian work.

When we come to Asian countries in Part V we find some surprising contrasts with Europe. India (Nita Mitra) could be described as the jewel in the Marshallian crown; Marshall’s influence, exercised through the dominant position of the University of Calcutta, was important and extensive and, in the post-1945 world, outstanding Indian economists produced work which had significant Marshallian roots. They included Majumdar, Biswas, Bharadwaj, and Bhagwati, names familiar to most economists, at least of an earlier generation. The chapter also finds links between Marshall’s concerns and the welfare economics of Amartya Sen. For China, not surprisingly given the language difference, Marshall’s wider influence was limited, though Chinese students attended Cambridge (where they were exposed to Marxism), LSE (where they were exposed to Marshall), and the United States (where they were exposed to Ely). In striking contrast, the next chapter, by Mikio Nishioka, relates how Marshall’s work was adopted as part of a major programme of modernisation in Japan beginning in the late nineteenth century. Indeed Japanese students attended Cambridge while Marshall was still in post. Sadly, this influence was cut short by the rise of militarism in the 1930s, though the late twentieth century saw a resurgence of Japanese interest in Marshall.

Part VI has three essays, dealing with the reactions to Marshall’s work of three, perhaps rather arbitrarily selected, economists. The first of these, dealing with Pareto, puts forward a significant modification of the conventional picture which places Pareto firmly in the Walrasian camp, a view which the authors, Marco Dardi and Alberto Zanni, trace back to

Hicks's *Value and Capital* (1939). Pareto's interests, as they stress, were very much wider than those of Walras, and the authors argue, in a way which I found convincing, that Pareto's work represents some sort of middle way between that of Marshall and Walras. Harald Hagemann writes about Schumpeter and Marshall. While Schumpeter was correct to question Marshall's supposed links with Ricardo, which had been exposed as fraudulent by Ashley as early as 1891, Schumpeter's attitude to Marshall was ungenerous not to say niggardly, surpassed only in this respect by his attitude to Adam Smith. None the less Hagemann is able to present a more positive account, drawing on the fact that Schumpeter's attitude was not entirely consistent, and that he was occasionally appreciative of Marshall's merits, while making claims (which seem to me indefensible) concerning what he conceived to be Marshall's lack of originality. The final chapter in Part VI, dealing with Georgescu-Roegen, is intriguing. His doubts about the reversibility of the supply curve in particular, and his interest in both a biological approach and the time dimension of economic variables, led him to appreciate Marshall's work, as did Marshall's appreciation of the primitive nature of the homo oeconomicus assumption.

This book, complemented by an excellent index, contains a fascinating series of essays, which could in themselves provide the basis for further work. It seems to have been a very worthwhile enterprise.

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