

## Book reviews

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GC Harcourt, *On Skidelsky's Keynes and Other Essays: Selected Essays of G. C. Harcourt*. Palgrave Macmillan: Basingstoke, 2012; 360 pp.: 9780230284685, US\$105.00 (hbk)

GC Harcourt, *The Making of a Post-Keynesian Economist: Cambridge Harvest*. Palgrave Macmillan: Basingstoke, 2012; 288 pp.: 9780230284692, US\$105.00 (hbk)

**Reviewed by:** Robert Dixon, *University of Melbourne, Australia*

The latest offerings from Geoff Harcourt are, like all of their predecessors, a delight to read.

Both works include 22 pieces plus an introduction. Most, but not all, have been previously published. Each of the volumes contains a number of essays on economic theory, the Cambridge school, biography, autobiography and review articles as well as comments on contemporary economic policy. The essays display an extremely broad and deep knowledge of writings in economic theory (especially macroeconomic theory) and never fail to deliver crisp insights into method, theories and policy – not to mention personalities! Anyone who thinks that Harcourt's work has been confined to the Cambridge controversies in capital theory ought to read both books, for within them there are lengthy papers covering an astonishing range of ideas including many insightful essays on the history of economic thought, the method of economic analysis, the modelling of the demand for imports, price theory and oligopoly, the notion of a representative firm (and its use and misuse in economic theory) and Harrod's growth model – to name just a few of the topics in economic theory covered in the two books. In addition, we have reprinted in *The Making of a Post-Keynesian Economist* a small number of papers explicitly dealing with capital-reversing and reswitching and the Cambridge controversies including a reprint of the much cited 2003 paper titled 'Whatever happened to the Cambridge capital theory controversies?' first published in the *Journal of Economic Perspectives* with Avi Cohen. Even here, however, there is much to be gained by those who would regard themselves as familiar with the issues. Harcourt's work has always been constructive as well as critical – as befits one of the leading scholars in our discipline. Indeed, anyone reading Harcourt's work is struck by its insightfulness, its humanity and its wit. More than any other Australian economist, he follows in the tradition of Smith and Keynes (and Boulding) and demonstrates time and again that economics is both a social science and a moral science.

The biographical essays and tributes have as their subjects (inter alia) Tom Asimakopoulou, Brian Reddaway, David Champenowne, John Cornwall and Robin

Matthews. There are biographical essays on Peter Karmel, Wilfred Salter and Keith Frearson, which will be of special interest to Australian readers. As well as the biographical essays, in each volume there is a lengthy and very interesting autobiographical essay. In *The Making of a Post-Keynesian Economist*, there is the essay titled “‘Horses for Courses’: The Making of a Post-Keynesian Economist”, while in *On Skidelsky’s Keynes and Other Essays*, we have a very interesting autobiographical essay evocatively titled ‘Political Economy, Politics and Religion: Intertwined and Indissoluble Passions’. While both essays have previously been published elsewhere (in 1999 and 1998, respectively) neither is readily accessible and both are extremely interesting for they go beyond mere personal life-story to be essays in the social history of Australia and on the interconnection between politics, economics and religion.

The title essay in *On Skidelsky’s Keynes and Other Essays* is a much expanded version of an excellent essay jointly authored with Sean Turnell and first published in *Economic and Political Weekly* in 2005. The essay is itself an excellent brief biography of Keynes, and anyone who does not have the time to wade through all three volumes of Skidelsky could do no better than to read this essay. In it, they will find an excellent and highly readable intellectual biography of Keynes and a well-informed attempt to identify the ‘essence’ of Keynes’ break with orthodoxy. Of particular interest to me is the account which Harcourt and Turnell give (on pages 26–34 of their essay) of the transition from the *Treatise on Money* to the *General Theory* and the importance of the evolution of Keynes’ understanding of the relationship between the savings–investment balance on the one hand and profits, prices and output on the other. This serves to emphasise something that I have myself always believed, that it is impossible to make sense of the *General Theory* unless one understands the macro-theory of profits whether in the guise of Keynes’ *Widow’s Cruse* model or as provided by Kalecki (see especially Kalecki, 1971 [1933], Ch. 7, and also his review of Keynes in Kalecki, 1982 [1936]). Around five pages of the essay *On Skidelsky’s Keynes* deal with Bradford De Long’s criticisms of Skidelsky’s account of the rivalry between Britain and the United States and its impact on wartime (World War II) relations between the two. The account given by Harcourt and Turnell is fair and comes to a sensible conclusion in my view, namely, that De Long is not a very good historian and that the attack on Skidelsky reflects different ‘national narratives’ – a typically polite way of putting it! The final sections of the essay summarise Keynes’ work as a policy economist focussing especially on Skidelsky’s discussion of Keynes’ newspaper articles collectively titled *How to Pay for the War*. It is in this much neglected work that we find Keynes’ most extensive post–*General Theory* discussion of public finance in a fully employed economy, mindful of the dangers of inflation. The work of Keynes is also the subject of another very interesting chapter in *On Skidelsky’s Keynes and Other Essays* titled ‘Keynes and the Cambridge School’. This essay provides an excellent overview of the growth of ideas at Cambridge and the influence of Cambridge economics elsewhere.

Among the many other insightful expositions to be found in these volumes, I would draw the readers’ attention to two in particular. The wonderful essay addressing the question ‘What is the Cambridge Approach to Economics?’ in *On Skidelsky’s Keynes and Other Essays* is one of many which contain ideas on the way forward. In this essay, the reader is directed to the work of Kalecki and Goodwin in particular, as offering a fruitful

platform for the future modelling of (macro) economic dynamics. The essay on Samuelson and Marx in *The Making of a Post-Keynesian Economist* (written in 2006) contains one of the clearest discussions of the foundations of Marx's analysis of the surplus and the Labour Theory of Value that one can find.

In terms of economic method, one thing that struck me time and again as I read through these essays is the importance of not mistaking the analysis of differences (comparisons) for the analysis of changes (processes occurring through time). While sophisticated neoclassical economists (Robert Lucas with his 'islands model' comes immediately to mind) are quite clear (at least in their theorising) that the two are not the same – or at least should not be confused, their followers and textbook writers seem blind to the distinction. It is thus important that as teachers and as researchers we be reminded that there is a difference. This is one of many areas in which Harcourt has made contributions to Cambridge economics. His role has been as an innovator and agent-for-change and not simply that of a mere raconteur. Another issue in relation to method that is touched upon many times in these two books concerns the need for macroeconomics, as a continuing branch of our discipline. It is nice, at this point in the history of our discipline, to be reminded that there is a case for macroeconomics, that the whole is not simply the sum of the parts and that the device of the representative agent and the representative firm can do more harm than good.

One cannot read these essays and not become aware of two things: first, while many of them deal with 'the past' (most obviously those that are biographical or autobiographical and especially those dealing with Keynes and Joan Robinson), they are also about the future. There is not a single essay in either work that does not contain insights into theory and method of relevance for our understanding of the world today and in the future. Second, anyone (student of economics or non-economist) who reads these works cannot fail to admire both the man and the discipline. On both grounds, students as well as colleagues should be urged to read these works. Harcourt's work is never a mere assemblage of facts. He always writes with the aim of engaging the reader in an intellectual journey, a journey of persuasion. Every university library should have a copy of both of these volumes; they are a very worthy complement to Harcourt's marvellous 1982 collection of essays titled 'The Social Science Imperialists'.

## References

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- Kalecki M (1982 [1936]) Some remarks on Keynes' theory. *Australian Economic Papers* 21: 245–253 (Reprinted in: Osiatynski J (ed.) *Collected Works of Michal Kalecki: Volume I*. Oxford: Clarendon Press, 1990, pp. 223–233).

Bill Lucarelli, *The Economics of Financial Turbulence: Alternative Theories of Money and Finance*. Edward Elgar: Cheltenham, 2011; 192 pp.: 978184980878, US\$ 110.00 (hbk)

**Reviewed by:** PN (Raja) Junankar, *University of New South Wales, Australia*

There have been numerous books written about the global crisis. Another book on this topic needs to differentiate its product. This book attempts to do that by discussing the