

Book Reviews

Jingji Xue: The History of the Introduction of Western Economic Ideas into China, 1850–1950. By Paul B. Trescott. Hong Kong: The Chinese University Press, 2007. xxiv; 442 pp. \$55.00.

This study centers on the careers of Chinese economists who undertook graduate study in the West up to 1950. Some sixteen hundred of them are tracked in the author's database. Of that number, roughly three-quarters studied in the United States. About 10 percent elected to study in Britain, while 8 percent chose Germany and 7 percent went to France. The flow of students to the West began as a trickle—initially fed largely by the fifteen missionary colleges in China—in the early years of the twentieth century. The Chinese state universities soon caught up and came to dominate the total flow westward during the period under investigation.

Trescott draws the reader's attention to the graduate programs to which Chinese students were attracted. In the United States, for example, Columbia led the list with 21 percent of the total, followed by Harvard with 10 percent and Wisconsin with 9 percent. Altogether, seventy-eight other institutions were represented. In Britain, the London School of Economics accounted for nearly 57 percent of the total, followed by Cambridge with roughly 20 percent. In Germany, the University of Berlin was the most popular, as was the University of Paris with the French delegation.

What happened to the foreign-trained Chinese economists upon their return to the home country? Trescott's findings indicate that only about 20 percent took up university teaching. Roughly a quarter of them went into government—and a number of them rose to very high positions. Business was the choice of some 40 percent of the returnees. Although the size of the cadre entering academic life was not overly impressive, its members still had a considerable impact on Chinese universities in both the state and Christian missionary sectors. The author calculates that about one-third of those occupying senior positions in economics departments had been graduate students in the West.

The intellectual capital acquired abroad necessarily left its mark on curricular development in Chinese institutions. Trescott examines the structure of course offerings

and syllabi in a sample of the more important institutions, with particular attention to the mid-1930s. Arrestingly, the reading lists are dominated by the works of Western economists, even though there were persistent calls to “Chinafy” the curriculum. The instruction that came closest to dealing with Chinese realities was offered by a Cornell-educated American who taught agricultural economics and conducted land utilization surveys at Nanjing, one of the missionary colleges. His name was John Lossing Buck (husband of Pearl Buck, a Nobel Prize winner in literature).

How satisfactory was the international transfer of economic ideas in the period up to 1950? Trescott offers the following judgments: “Chinese who studied in the West learned a vast amount of descriptive information about economic policies of Western countries. Their Western instructors were typically critical of the defects of the market economy—poverty, injustice, depression, and unemployment. . . . The most widely publicized theoretical innovations in mainstream economics in 1900–1950 were Keynesian economics and the theory of imperfect competition. Both focused attention on ‘market failure,’ and neither had much relevance to China” (9). And again: “To be sure, the predominant economic ideas of Western-trained Chinese economists had many flaws (shared with Western economists). They were unduly taken with the western fads for imperfect competition and Keynesian economics, both of which exaggerated market failure. . . . They retained populist prejudices toward landlords, moneylenders, and merchants. They vastly exaggerated the damage done by western imperialism. They unduly neglected the quantity theory of money and thus were ‘soft on inflation’ in the 1940s” (312–13).

The year 1950 was obviously a watershed moment in modern Chinese history. Communist victory challenged all established institutions and practices. As far as higher education was concerned, the Christian missionary colleges were closed and the bulk of the regular activities of state universities came to a standstill. Most Western-educated economists became out-migrants—to Taiwan, to the United States, or to employment in international organizations. A new “people’s university”—named Renta—was created in Peking where teaching had a Marxist orientation. Foreign training for aspiring economists came to a halt, with the exception of a handful of students who traveled to Moscow.

One can applaud the diligent archival detective work that has gone into the making of this volume. This study will stand as a definitive reference work. It does not diminish that achievement to remark, however, that the reader who approaches this as a well-integrated book will come away with a sense of incompleteness. The concluding chapters survey post-1950 developments and the traumas for intellectual life associated with the anti-rightist campaign, the “Great Leap Forward,” and the cultural revolution. The author takes note of the more relaxed climate that set in in the mid-1970s and beyond which has permitted renewed access for Chinese students to Western universities. The book might have concluded with a nice touch of symmetry if the exposures of a young Chinese generation to Western economics faculties and graduate schools of business had been investigated. That exercise—combined with an analysis of any link of such activity to China’s emergence as an economic powerhouse—

is a task for another day. A minor gripe: this book would be much more reader-friendly with the aid of maps identifying the locations (and relocations) of various Chinese universities.

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Keynes and His Battles. By Gilles Dostaler. Cheltenham: Edward Elgar, 2007. 374 pp. \$160.00.

This translation of *Keynes et ses combats*, originally published in Paris in 2005 by Albin Michel (and translated here by Niall B. Mann), makes a fine contribution to the literature on John Maynard Keynes. Dostaler (University of Quebec at Montreal) is correct to claim that the book is neither a biography nor, strictly speaking, a monograph in the history of economic thought. Instead, the book represents a kind of reference book on the life and times of Keynes, one that is organized around the ideas that animated his work.

In thinking about the genre of this book, two very different possibilities come to mind, one from the early modern period, before the machine production of books, and one from the contemporary world of electronic publishing. If one were to look to the early modern period, one could imagine each chapter of this book as a collection of pages held together in a leather-bound folio. Thus, if a scholar wanted to know about the political background to Keynes's life, she might reach for the folio that contains the material from chapter 4, "Second Interlude: The Political History of Great Britain during the Time of Keynes." As she leafed through the pages of this folio, she would read about the triumph of imperialism, the emergence of the Labour Party, the breakup of the Liberal Party, and the string of national governments after 1931. Or she might pick up the folio on "war and peace" (chapter 5), which would begin with the Boer War and run through the Great War and the peace negotiations at Versailles. The several folios that could be made from the chapters of the book would make a valuable resource for any young scholar, offering the chance to get the background and information that informs all good scholarship about Keynes.

Because of the comprehensive nature of all this background material, it is also easy to imagine the book as a Web site, say, www.jmkeynes.org. The homepage for the site would display the well-known drawing by David Low of Keynes slumped down in his wing-back chair with a stack of books next to him on a small table, the drawing that is on the cover of Dostaler's book. Then the various chapters would be buttons on the homepage allowing the reader to click through to the many topics available. But in addition to the buttons for the topics covered by the chapters, there would also be buttons for the time line of Keynes's life (1883–1946) that fills forty pages of appendix 1, or the wonderful collection of quotations about Keynes written by his friends and contemporaries that constitute appendix 2 of the book. A Web

format would also allow the excellent “portraits” that form the last section of several of the book’s chapters to remain connected to their current material, but to also be viewable as a collection of “*dramatis personae*” that the reader could access through a separate button.

If you can imagine the material in the book made available as a Web site, it is easy to understand why the book is not so much a biography as a reference work on the life and times of Keynes. It is a place to turn when you want to put something in context or understand some part of his work against the relevant historical background. Say, for instance, that you wanted to know about Keynes’s views on free trade. You could read in chapter 4 to find out about the political background of the debates about late-nineteenth-century and early-twentieth-century Britain (including the politics of the Keynes family), chapter 5 on war and peace to find out about what Keynes learned dealing with the financial crises of the First World War, chapter 8 on gold to read about Keynes’s experience with the gold standard, and chapter 7 on labor to read about what Keynes came to learn about international trade through the long years of high British unemployment during the interwar years. It may be less easy to understand why the book should not be considered as a monograph in the history of economic thought, but in making this disclaimer Dostaler is merely warning his reader that his purpose in the book is not to focus narrowly on Keynes’s theoretical work in economics (about which there is relatively little), but rather to provide the reader with a full background (cultural, ethical, political, personal) to that work.

In providing this background, he is fastidious in covering the full range of interpretations available in the secondary literature. In his own interpretations, Dostaler is judicious and the reader will find little with which to disagree. One thing with which this reviewer *would* disagree would be Dostaler’s statements about the relationship between J. S. Mill and Bloomsbury. “In fact, Mill is a precursor to and inspirer of Bloomsbury’s revolt against Victorian morality” (14). Mill may have been a precursor, but G. E. Moore’s disdain for Mill infected Keynes and Bloomsbury to the core, and I cannot think of a single member of Bloomsbury who claimed Mill as an inspiration. While it seems fair to say that Keynes was the next great British theorist of liberalism after Mill, it is nevertheless a sad fact that Keynes never seriously engaged Mill in his own work, choosing instead to dismiss him just as Moore had done. One might even argue that Keynes’s neglect of Mill weakened the discourse on liberalism in the mid–twentieth century.

But there are few such occasions with which to disagree with Dostaler. In the end, what will most recommend Dostaler’s material to the scholar is his comprehensive treatment of the primary (and secondary) literature and his refusal to take sides in most debates about Keynes. This is a rich trove of material that will benefit anyone working on Keynes, whatever the scholar’s own interpretive frame.

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Gunnar Myrdal: An Intellectual Biography. By William J. Barber. Houndsmills: Palgrave Macmillan, 2008. 180 pp. \$95.00.

Gunnar Myrdal and Friedrich Hayek were corecipients of the Nobel Memorial Prize in economics in 1974. Since that date, the secondary literature on Hayek has attained immense proportions. Not so with Myrdal; this perhaps illustrates whose vision is dominant in economics and politics at the turn of the twenty-first century. Two books have been devoted to an overall assessment of Myrdal's works (Angresano 1997 and Dostaler et al. 1992). William Barber's book is a welcome addition to the study of one of the great and influential social thinkers of the last century. Moreover, Barber, former president and distinguished fellow of the History of Economics Society, who has written on the relation between economists and policies and on development problems, has first-hand knowledge of his subject. He was a member of the research team on South Asian development that Myrdal directed and that resulted in the 2,284-page, 16-appendix, 3-volume *Asian Drama* published in 1968.

Gunnar Myrdal: An Intellectual Biography is part of a new series of brief books on "great thinkers in economics." It is not a full-scale biography of Myrdal, something that remains still to be written. But it is a detailed presentation and analysis of Myrdal's main books. It also discusses his activities as consultant, politician, minister, international civil servant, and research director. Barber assesses the impact of Myrdal's works and activities on the birth of the Swedish welfare state, race problems in the United States, economic cooperation between European countries, and the development of Asian economies. He reviews the unresolved debate on the relations between the Stockholm school and the Keynesian revolution.

The usual way to look at Myrdal's intellectual evolution is to distinguish two very different, if not contradictory, phases, with a watertight partition lying between them. Myrdal himself confirmed this view when he wrote that he was at first a pure theorist, then became increasingly distant from orthodox economics and ended, in 1938, as an institutionalist economist. In his 1997 book, James Angresano even distinguishes three Gunnar Myrdals. For Barber, the picture is less clear-cut and more complex, and I agree with his interpretation. He shows that in his first theoretical contributions, which were inspired by Wicksell's idiosyncratic vision, we already find important themes that would be used in his later interdisciplinary works: cumulative causation, the spread effect, the importance of expectations, and mental states. As early as January 1928, in a talk before Stockholm's Political Economy Club, Myrdal launched an attack on orthodox economics and its inability to identify the values that always influence its theories. These themes are developed in his important methodological book, *The Political Element in the Development of Economic Theory*, first published in Swedish in 1930. At that time, Myrdal developed a conceptual apparatus comprising the ex ante–ex post distinction, the separation between savings and investment, and the multiplier, and applied these in shaping the Swedish welfare state. He believed that Keynes was not as radical as his colleagues in the Stockholm school—an expression coined by Bertil Ohlin in 1937—or himself.

The longer chapters of the book are devoted to Myrdal's activities as executive secretary of the Economic Commission in Europe (1947–57) and to the two masterpieces on which he worked for many years with a team of researchers: *An American Dilemma: The Negro Problem and American Democracy* (1944) and *Asian Drama: An Inquiry into the Poverty of Nations*. The first concludes that the solution to the racial problem, which contradicts the “American creed,” lies in the integration of blacks into the American mainstream. Challenged in the 1960s by the radical black movements, this view, which was also that of Martin Luther King, was again at the forefront in the fall of 2008 with the candidacy of Barack Obama for the presidency of the United States. *Asian Drama*, like others of Myrdal's last books, is more pessimistic in its diagnosis and more radical in its propositions. Myrdal is now convinced that the concepts and theories of orthodox economics, such as the Harrod-Domar model, cannot be applied to underdeveloped countries. The world is, according to him, in a process of national integration and international disintegration. The “soft states” of the underdeveloped world, afflicted with extensive corruption, are unable to launch the necessary processes of democratic planning.

In this clearly written book, Barber stresses some of Myrdal's errors of judgment, for example on the population problem with his advocacy of eugenics, and on postwar economic prospects for the United States. He resigned as minister of commerce, in 1947, after the negotiation of a much criticized treaty with the USSR. But Barber has clearly a great admiration for his subject and ignores other shortcomings, such as the irritating tendency of Myrdal to repeat himself from one book to the other and to quote mainly his own works. This is linked to a certain pretentiousness in Myrdal, who could also be very rude with those around him, even those closest to him. On this, we can refer to the memoirs of his son Jan Myrdal (omitted from the bibliography), which give a picture very different from that provided by his daughter Sissela Bok. But the exploration of this would perhaps take us into the Freudian domain.

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A Biographical Dictionary of Australian and New Zealand Economists. Edited by J. E. King. Cheltenham: Edward Elgar, 2007. xix; 337 pp. £85.00.

“It may be going too far to say that short biographies enable us to see the ‘average’ economist . . . , but they do enable us to come closer to that goal. Knowledge belongs

to communities, and, even if a small number of individuals are responsible for setting the agenda, it is rarely possible to understand ideas without ranging more widely beyond those economists who merit long biographies" (Backhouse 2007, 53).

As its editor indicates in his introduction, this latest addition to the genre of biographical dictionaries of economists tells the stories of 130 economists, who are "dead, eminent and Australians/New Zealanders." The aim has been "to include all those who made a significant contribution to economics in either country [Australia or New Zealand] (or, in a few cases, both), whether in academic life or public service . . . irrespective of their nationality or place of birth, but excluding those born in Australasia whose careers were spent entirely overseas." The last exclusion means that some eminent Australians and New Zealanders who made major contributions to our discipline or to public policy are left out (notably Robert Hall, Kelvin Lancaster, and Ronald Meek). Of the 130 included, 64 were primarily academic economists; some 37 were mainly public servants, *not* including the many of the academic economists who joined the public service during or after World War II; the remaining 29 fall into a miscellaneous category, including bankers, journalists, lawyers, adult educators, a novelist (Catherine Helen Spence [1825–1910]), and others with less conventional occupations (such as Edward Gibbon Wakefield [1796–1862], the "convict, entrepreneur and theorist of colonization" [294]). The "community" comprises, by my count, 100 Australians (by birth or choice of residence), 22 New Zealanders, and a further 7 individuals who came to Australia and returned to the U.K. The 7 include William Stanley Jevons, who spent five formative years as assayer at the Sydney mint in the 1850s, and Frederic Benham at the University of Sydney for six years in the 1920s. (There is also the special case of Robert Torrens [1780–1864], who never lived in Australia or New Zealand, but who, having attempted, without success, to be appointed governor of New South Wales or Van Diemen's Land, promoted "commercial colonization" through the New Zealand Company and helped to float the South Australian Land Company in the 1820s and 1830s. As Peter Moore rightly remarks, "South Australians blame him for bankrupting their colony; New Zealanders overlook his founding enterprise; and historians of thought dispute [his] precise contributions to the discipline" [284].) In this count, the Australians include the New Zealander Douglas Copland, who was "one of the most eminent Australian economists of the twentieth century" (69), but not A. G. B. Fisher, who grew up and was educated in Australia (and the London School of Economics), but returned to his native New Zealand for his first and most fruitful academic position. (He eventually settled in England.)

As Roger Backhouse emphasizes, a virtue of the short biographies found in biographical dictionaries is that the length of the entry can vary directly with the importance of the individual life. In most cases in this volume, the length of the entry given to a particular economist is appropriate, and in most cases the content is suitable too. For instance, there are excellent long and informative accounts of the lives and work of Heinz Arndt (by Selwyn Cornish), the New Zealand econometrician Rex Bergstrom (Peter C. B. Phillips), Colin Clark (Anthony Endres), the Australian central bank economists "Nugget" Coombs and Leslie Melville (both by Selwyn Cornish), Edward Shann (Graeme Snooks), Ronald Walker (Cornish), and the members of "Giblin's

platoon”: James Brigden (William Coleman), Douglas Copland (Alex Millmow), and Roland Wilson (Cornish)—although I think the entry for Giblin himself (Coleman), which is largely an assessment of his contributions to Australian economics and economic policy, could have included more information on his varied life as in Coleman, Cornish, and Hagger 2006. (Several of the authors mentioned were the largest contributors to the volume besides the editor.) It is valuable to be reminded of the lives and contributions of those economists in danger of being forgotten, such as Harro Bernadelli and Ralph Souter (both New Zealanders), although in Bernadelli’s case, as with other refugees from Hitler, there is more accurate and relevant information on his life before he eventually reached the safe haven of Dunedin (in 1948) to be found in Hagemann and Krohn 1999.

One very agreeable quality of many entries in this volume is the bluntness of the contributors. For instance, of one conscientious Australian academic economist it is remarked that he “came to be regarded as unassertive and lacking in leadership qualities. His teaching was systematic and organized, but old-fashioned and dull” (185). (A less conscientious academic became “a club-footed drunk and recidivist bankrupt who occasionally assaulted his colleagues” at the University of Melbourne [96].) Of the nonacademics, “James Mirams is a fine Australian example of the pseudo-economist who, after a swift perusal of a few economic texts, presumes that he can re-invent economic doctrine. . . . [His] final years were marred by his incarceration for malfeasance that came to light on the collapse of his building society during the financial crises of 1888–93. He thereby established an Australian tradition of being an uncompromising radical in the 1870s, a rapacious member of the money-making classes in the 1880s and a jailbird in the 1890s” (200–201). When you add in the extraordinary careers of Harro Bernadelli and Bill Phillips (the latter described in detail by Robert Leeson [215–19])—to mention two “Kiwis”—the Australasian “community” of economists is a varied one indeed.

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