

Truger, Achim et al.

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Book Reviews | Rezensionen

Schettkat, Ronald/Langkau, Jochem (Hg.) (2007): Aufschwung für Deutschland. Plädoyer international renommierter Ökonomen für eine bessere Wirtschaftspolitik, Bonn (248 Seiten, Verlag J.H.W. Dietz Nachf., ISBN 978-3-8012-0376-4).

Angesichts der dramatischen Wirtschaftslage scheinen Wissenschaft und Politik in Deutschland zumindest kurzfristig zu einem durchaus keynesianisch zu nennenden Denken und Handeln zurückgefunden zu haben. Ob und wie lange diese Phase anhält, ist jedoch unklar. Es gibt daher genug Gründe, sich mit den Fehlern der deutschen wirtschaftspolitischen Debatte und der entsprechenden Politik der letzten Jahre vertieft auseinanderzusetzen. Wer dies tun möchte, dem sei das Buch »Aufschwung für Deutschland« empfohlen. Die Herausgeber sind Ronald Schettkat, Professor für Wirtschaftspolitik an der Universität Wuppertal, und Jochem Langkau, der ehemalige Leiter des wirtschafts- und sozialpolitischen Forschungs- und Beratungszentrums der Friedrich-Ebert-Stiftung. Sie haben sechs Beiträge von acht international renommierten Ökonominen und Ökonomen gesammelt, die sich kritisch zur deutschen ökonomischen Mainstreamtheorie und -politik der letzten Jahre äußern. Ermöglicht wurde das Buchprojekt durch die Friedrich-Ebert-Stiftung, finanziell unterstützt zudem durch die Hans-und-Traute-Matthöfer-Stiftung, die in der Vergangenheit schon häufig bedeutende progressive ökonomische Publikationen gefördert hat.

Um das Buch richtig einordnen zu können, muss man sich in die Zeit der deutschen Stagnation von 2001 bis 2005 zurückversetzen, in der die deutsche wirtschaftspolitische Debatte von einer komplett einseitigen Sichtweise dominiert wurde. Schuld an der Krise seien ausschließlich die »strukturellen Verkrustungen« des Arbeitsmarktes als angebliche Hauptursache der hohen Arbeitslosigkeit. Institutionen kollektiver Lohnbildung, gesetzliche und/oder tarifliche Regulierungen sowie das soziale Sicherungs- und das Steuersystem wurden als Abweichungen vom reinen Markt und damit als Verursacher von Arbeitslosigkeit angesehen. Aus dieser Sicht gab es nur eine Konsequenz: Je weniger tarifliche, gesetzliche und sozialpolitische Regulierungen und Abweichungen vom vollkommenen Arbeitsmarkt es gibt, umso geringer wird die Arbeitslosigkeit ausfallen. Daher müsse der Arbeitsmarkt möglichst radikal dereguliert werden, und möglichst tiefe Einschnitte in die sozialen Sicherungssysteme seien notwendig.

Wie wirkungsmächtig diese Sichtweise in Deutschland gerade auch unter sozialdemokratischer Führung in den vergangenen zehn Jahren war, bedarf angesichts der unübersehbaren Entstaatlichungstendenzen, der »Agenda 2010« sowie der resultierenden dramatischen Zunahme der Einkommens- und Vermögensungleichheit keiner weiteren Erläuterung. Im »Hamburger Appell« hatten 2005 über 250 deutsche Wirtschaftsprofessoren unter Berufung auf einen angeblich eindeutigen wissenschaftlichen Konsens weitere radikale Reformen ge-

fordert und behauptet, Versuche der makroökonomischen Stabilisierung seien grundsätzlich zum Scheitern verurteilt.

Genau diese aus internationaler Perspektive völlig einseitige Ausrichtung von Wirtschaftstheorie und praktizierter Politik nehmen die Beiträge des Nobelpreisträgers Robert Solow (USA) sowie von Paul de Grauwe (Belgien), Claudia Costa Storti (Portugal), Charles Wyplosz (Frankreich/Schweiz), Wendy Carlin (Großbritannien), David Soskice (Großbritannien/USA), Adam S. Posen (USA) und Richard B. Freeman (USA) aufs Korn. Wer nur das unsägliche deutsche Reformgefasel kennt, wird sich bei der Lektüre verwundert die Augen reiben: Deutschland ist ›strukturell‹ gar nicht besonders ›verkrustet‹? Der Zusammenhang zwischen Arbeitsmarktinstitutionen und Arbeitslosigkeit ist gar nicht so eindeutig? Deutschland könnte bis 2005 in einer ganz normalen, nachfragebedingten Konjunkturkrise gesteckt haben? Dies hätte dann auch an einer zu restriktiven Geld- und einer pro-zyklischen Finanzpolitik gelegen? Geld- und Finanzpolitik können wirksame Mittel zur Steigerung von Wachstum und Beschäftigung sein? Exportweltmeister könnte gar kein erstrebenswerter Titel sein? Investitionen in die Kinderbetreuung als angebots- und nachfrageseitige Wachstumsstrategie? Diese und weitere Punkte werden in den Beiträgen ausführlich und äußerst überzeugend behandelt.

Das Werk bietet aber auch einigen Anlass zur Kritik. Zunächst ist die teilweise extrem ungelenke Übersetzung zu bemängeln, die die Lektüre unnötig erschwert: »Nimmt man die Fälle vom Vereinigten Königreich und Deutschland, so haben wir gezeigt« (155). Auch wäre gelegentlich eine genauere Kenntnis der deutschen Verhältnisse wünschenswert gewesen. So behauptet Freeman (214) im Rückblick auf die Entwicklungen seit den 1990er Jahren, eine Senkung der Unternehmensbesteuerung sei lediglich geplant, obwohl im Jahr 2001 bereits eine dramatische Senkung erfolgt war. Kaum mit den Fakten in Einklang zu bringen, ist zudem Schettkats Behauptung, die deutsche Finanzpolitik sei 2006 auf einen expansiven Kurs eingeschwenkt: »Eine weitere Erklärung für den Aufschwung im Jahr 2006 ist, dass die Große Koalition das Ruder in der Fiskalpolitik herumgeworfen hat.« (11)

Zudem hat die völlige Fokussierung auf den ökonomischen Mainstream ihren Preis. Man erfährt zwar, dass man auf seiner Basis durchaus auch zu ganz anderen Einschätzungen der deutschen Situation kommen konnte. Eine grundsätzlichere Kritik am Mainstream, etwa aus einer konsequent (post-)keynesianischen Perspektive, unterbleibt aber. Böswillig könnte man den Band daher im Extremfall sogar als Ermutigung für weitere Deregulierung und ›Strukturreformen‹ auffassen – solange sie denn nur makroökonomisch flankiert werden. Ganz in diesem Sinne formuliert Wyplosz: »Einige begrenzte Reformen sind durchgeführt worden, weitere sind nötig. Das ist aber kein Grund, die unzulängliche Nachfragesteuerung fortzusetzen.« (102)

Aber selbstverständlich sind nicht alle Beiträge so zu interpretieren und so werden insgesamt auch einige Zweifel an zentralen Behauptungen der Mainstream-Arbeitsmarkttheorie geweckt. Das Buch ist daher ein Muss für alle, die für eine fortschrittliche Wirtschafts- und Sozialpolitik eintreten. Es braucht keine besondere prophetische Gabe, um die nächsten

radikalen ›Strukturreform-Debatten und ›Hamburger Appelle‹ in Deutschland vorherzusagen. Dann werden die Argumente dieses Buches bitter nötig sein.

Achim Truger, IMK in der Hans-Böckler-Stiftung, Düsseldorf

Roncaglia, Alessandro/Sylos Labini, Paolo (2008): Geschichte des ökonomischen Denkens. Eine kurze Einführung, übersetzt von Falcone, Salvatore/Kalmbach, Peter, Marburg (118 Seiten, Metropolis-Verlag, ISBN: 3-89518-707-0)

Im Zuge der globalen Finanz- und Wirtschaftskrise lässt sich vielerorts ein verstärktes Interesse an Alternativen zum vorherrschenden wirtschaftstheoretischen Paradigma feststellen. Damit wächst auch das Interesse an den Theorien der Klassiker des ökonomischen Denkens, die sowohl eine andere Methode der wirtschaftstheoretischen Analyse verwendeten als auch andersartige Auffassungen über die Funktionsweise einer Ökonomie vertraten als die Vertreter des heute vorherrschenden neoklassischen Ansatzes. Bedauerlicherweise findet sich die Beschäftigung mit der Geschichte der Wirtschaftswissenschaften heutzutage kaum noch in den Curricula der deutschsprachigen Hochschulen. Auch in den führenden, meist aus den USA stammenden modernen Standardlehrbüchern kommt die Theoriegeschichte praktisch nicht mehr vor. Hierzu hat die vorherrschende Sichtweise beigetragen, nach der es sich bei der Wirtschaftswissenschaft um eine kumulative Wissenschaft handle, bei der die alten Vorstellungen sukzessive von neuen und besseren Ideen verdrängt würden. Dies führe zu einem fortwährenden Erkenntnisfortschritt, weshalb sich der Blick zurück nicht lohne.

Alessandro Roncaglia und Paolo Sylos Labini können sicher nicht zu den Vertretern der Vorstellung eines unidirektionalen Wissensfortschritts gezählt werden. Ihre *Geschichte des ökonomischen Denkens*, deren dritte Auflage von 2001 jetzt von Peter Kalmbach (Universität Bremen) unter Mithilfe von Salvatore Falcone ins Deutsche übersetzt wurde, ist von der Überzeugung geprägt, dass es in vielerlei Hinsicht lohnenswert sei, den Ansatz der ökonomischen Klassiker zu revitalisieren. Für Roncaglia und den im Jahre 2005 verstorbenen Sylos Labini (beide von der Universität »La Sapienza«, Rom) ist daher die Auseinandersetzung mit der Theoriegeschichte keine rein akademische Übung. Sie sehen vielmehr im methodisch-analytischen Ansatz der klassischen Ökonomen von William Petty über Adam Smith bis hin zu Karl Marx die für die Wirtschaftswissenschaft relevantere Methodik. Sie kritisieren, wie das entsprechende Buchkapitel über die marginalistischen Ökonomen verdeutlicht, das in den 1870er Jahren entstandene und in seinen Grundzügen noch heute dominierende Paradigma, dessen axiomatische Methodik eine ahistorische Sichtweise bedinge, während aus Sicht der beiden Italiener die Ökonomik eine gesellschaftlich und geschichtlich bestimmte (Sozial-) Wissenschaft sein sollte.

Das Buch verspricht »eine kurze Einführung« (so der Untertitel). Es ist jedoch kein einfaches Unterfangen, gut 300 Jahre theoriegeschichtlicher Entwicklung, die von der (vor-)

ökonomischen Klassik bis zur Moderne reicht, auf etwas mehr als 100 Seiten darzustellen. Im Unterschied zu vielen anderen dogmengeschichtlichen Werken wird daher weitgehend auf bibliographische Angaben über die behandelten Ökonomen verzichtet, was hilft, das Buch schlank zu halten. Aber vor allem, weil die Autoren eine nicht nur chronologische, sondern auch an Paradigmen orientierte Darstellungsweise wählen, bei der Gruppen von Ökonomen zu Denkschulen zusammengefasst und deren wesentliche Anschauungen kompakt dargestellt werden, bewältigen sie diese Herausforderung recht erfolgreich. Dabei sollte sich der Leser jedoch bewusst sein, dass damit eine – wenngleich gut nachvollziehbare – spezifische Interpretation der jeweiligen Schulen sowie einzelner Ökonomen verbunden ist. Die an mehreren Stellen auftauchende Betonung der Vorteilhaftigkeit des surplus-theoretischen Ansatzes in der Wert- und Preistheorie und die Hinweise auf die Notwendigkeit einer dynamischen Analyse verdeutlichen, dass Roncaglia und Sylos Labini diese Auslegung aus der Perspektive von neo-ricardianischen bzw. post-keynesianischen Ansätzen vornehmen.

Angesichts des knappen Umfangs des Buches fragt sich der Leser, warum die beiden Kapitel zur dynamischen Analyse und zu Problemen der Unterentwicklung und der Umwelt aufgenommen wurden. Sie sind zwar durchaus lesenswert, fallen jedoch bei einer Theoriesgeschichte aus dem Rahmen; der Platz, den sie einnehmen, hätte gut für das eigentliche Thema genutzt werden können. Kritisch ist außerdem anzumerken, dass im Kapitel über die neueren Debatten die neu-keynesianischen Ansätze, die gegenwärtig den makroökonomischen Mainstream bilden, nicht erwähnt werden, obwohl sich deren Bedeutung bereits im Erscheinungsjahr des italienischen Originals abzeichnete.

Zusammenfassend kann festgestellt werden, dass Roncaglia und Sylos Labini ein sehr lesenswertes Bändchen verfasst haben, das zu einer kritischen Auseinandersetzung mit der aktuellen wirtschaftswissenschaftlichen Theorie ermuntert. Die Kürze des Buches bedingt eine weitgehend überblicksartige und kompakte Darstellungsweise. Daher eignet sich das Buch nicht so sehr dafür, ökonomischen Novizen, etwa Erstsemestern, das ökonomische Denken von der Klassik bis zur Moderne nahe zubringen; dazu werden an zu vielen Stellen Vorkenntnisse über grundlegende ökonomische Begrifflichkeiten und Konzepte vorausgesetzt. Wer allerdings als Studierender in heutiger Zeit nur den Mainstream der Standardlehrbücher kennen gelernt hat, dem kann das Bändchen wichtige alternative Denkansätze aufzeigen und zu weiteren Nachforschungen, sei es in ausführlicheren theoriegeschichtlichen Werken oder in den Originalen der Klassiker, anregen.

Hagen Krämer, Hochschule Karlsruhe

Pasinetti, Luigi L. (2007): Keynes and the Cambridge Keynesians. A ›Revolution in Economics‹ to be Accomplished, Cambridge (384 pages, hardcover, Cambridge University Press, ISBN 978-0-521-87227-0)

The Keynesian revolution in economics has been successful in economic policies for a certain period of time, in particular during the decades after World War II until the early 1970s. However, it has not yet succeeded as a theoretical revolution, as Luigi Pasinetti, one of the major members of the group of Cambridge Keynesians, points out in his latest book on *Keynes and the Cambridge Keynesians. A ›Revolution in Economics‹ to be accomplished*:

»The great majority of those theories that we now call ›Keynesian‹ have in fact little to do with the theoretical ›revolution‹ that Keynes had in mind in the 1930s when, right in the middle of the deepest economic slump that had ever hit the industrial world, he wrote his *General Theory*« (xiv)

The question Pasinetti attempts to answer regarding Keynes's revolution in economics is: »Why did it not succeed?«.

The book addresses this question in three steps. ›Book one: Keynes's Unaccomplished Revolution‹ contains Pasinetti's Frederico Caffè Lectures delivered at La Sapienza University Rome in 1994. They give a comprehensive account of Keynes's radical decisions to break with the orthodoxy of his time and discuss the main stumbling blocks which prevented the accomplishment of the theoretical revolution after the publication of the *General Theory*. ›Book two: The Cambridge School of Keynesian Economics‹ consists of a series of very informative biographical essays on Keynes's Cambridge pupils: Richard Kahn, Joan Robinson, Nicholas Kaldor, and Piero Sraffa, and on Richard Goodwin. Finally, ›Book three: Towards a production paradigm for an expanding economy‹ covers the outline of Pasinetti's view of an alternative production paradigm to the prevailing neoclassical exchange paradigm.

The major theme which is running through the first two parts of Pasinetti's book is that the Keynesian theoretical revolution has failed to replace the neoclassical static, timeless ›exchange paradigm‹ by a Keynesian dynamic ›production paradigm‹ containing historical time, with the ›principle of effective demand‹ at its heart, for two major categories of reasons. The first category can be called ›external‹, because it is associated with the reaction of the economics profession towards the new ideas. Keynes's opponents did not always reject his theory, but took bits and pieces of it, integrated it into the orthodox model without acknowledging the generality of Keynes's approach. On the contrary, as is well known, ›Keynesian economics‹ became a special case, an ›economics of depression‹, of the seemingly more general orthodox model.

The second category of reasons for the theoretical failure, more extensively dealt with in the book, can be termed ›internal‹, because it is related to the incompleteness of Keynes's approach, on the one hand, and to the failure of his immediate followers to strengthen this approach in an appropriate way, on the other hand. The latter has not only been a theoretical failure but also an organisational one. The Cambridge Keynesian did not manage to build a Post-Keynesian school of thought, because they were too much engaged in criticis-

ing the orthodoxy – and each other – than to construct a new paradigm and a new school of thought. According to Pasinetti, these deficiencies include »the care in selecting, shaping, preparing and paying attention to the younger generation« (40). Therefore, although orthodoxy went through a deep crisis in the 1970s a »scientific revolution« (Kuhn 1970) did not take place, because there was no fully developed alternative paradigm available.

In order to develop such a paradigm, in the third part of the book Pasinetti presents an approach which claims to unify Keynes's and the Cambridge Keynesian's theories. Placing Sraffa's (and the Classical) economics at the very start, he proposes a two-stage methodological approach, following a »separation theorem«. The first stage concentrates on »pure theory« focussing on the fundamental and permanent (»natural«) features of a production economy, as Sraffa's »production of commodities by means of commodities« scheme or his own »production of commodities by means of labour« scheme. This gives rise to an open model. In the second stage, institutional features and behavioural hypotheses are added, in order to close the model. In this second stage the approach is open to other social sciences, applying their results regarding human and social behaviour.

Whereas the arguments regarding »pure theory« are well developed in the book, the »institutional stage« of theorising remains rather sketchy. Pasinetti's attempt to synthesize Keynes's and Sraffa's approach is also quite vague when it comes to the role of money as a distinguishing feature of Post-Keynesian economics. As is well known, in his contribution to the Spiethoff-Festschrift, Keynes in 1933 had called for a »monetary theory of production«, not just for a »production paradigm«. It is also puzzling that Kaldor's critique of monetarism and his contributions to the development of a Post-Keynesian monetary theory are not mentioned at all, neither in the biographical essay on Kaldor nor in other parts of the book.

Nonetheless, Pasinetti has produced a stimulating and enlightening book, not only, but especially for the younger generation of Keynesian economists. It should be taken seriously, in particular in an historical situation in which Keynesian economic policies seem to become fashionable again. Pasinetti reminds us that this is only part of the endeavour and the more demanding part is to continue with Keynes's revolution in economic theory.

Eckhard Hein, Berlin School of Economics and Law

Vercelli, Alessandro (2008): Methodological Foundations of Macroeconomics: Keynes and Lucas, Cambridge (269 pages, paperback, Cambridge University Press, ISBN 9780-5210-74735)

This is a »paperback re-issue« of a book first published in 1991. It is a facsimile of the original edition; even the blurb on the rear cover is apparently taken directly from the dust-jacket of the hardback. There is no indication of the author's current affiliation, or even whether he is still alive (the web reveals the pleasing information that he is still functioning, at the Department of Economic Policy, Finance and Development at the University of Siena). The

most recent references in the book (to papers published in 1989) are now twenty years old. Economics has, of course, changed since then – in the case of mainstream macroeconomics, I think it has gone backwards. Vercelli could not, in 1991, have been expected to discuss the New Neoclassical Synthesis (NNS), which was then only beginning to emerge, and probably would not have been able to make much sense of Critical Realism, for the same reasons. It would have been good to discover his present opinion of the NNS. The publishers should at least have asked Vercelli to write a new and substantial introduction to the 2008 reprint, explaining how his own ideas, and those of Lucas and the other writers that he was criticising, have changed over the past two decades. Their failure to do so inevitably reduces the value of this new re-issue.

It is, however, a serious, scholarly and often very interesting book, which received quite favourable reviews when it was first published (Hoover 1992; Davidson 1993). The first half deals with »Methodological foundations of macroeconomics« (Chapters 2 – 7), and in the second half these principles are used to assess the work of Robert Lucas (Chapters 8 – 10) and John Maynard Keynes (Chapters 11 – 13). Vercelli's methodology is »applied« rather than »theoretical«. That is to say, he deals with methodological aspects of specific macroeconomic concepts, devoting a chapter each to equilibrium, dynamic instability, structural instability, uncertainty, rationality and expectations, and causality. He does not concern himself with broader questions of epistemology, ontology and the philosophy of science, in which these issues are nested. This is a deliberate choice, and an understandable one, but it has the disadvantage that important »foundational« issues like methodological individualism and inter-theoretic reduction are not dealt with systematically.

As far as the comparison of Lucas and Keynes is concerned, however, Vercelli is firmly on the side of the angels. He is profoundly sceptical of the equilibrium business cycle (EBC) approach to economic fluctuations, since the underlying idea »that business cycles are set in motion by shocks which are perceived as offering favourable new opportunities« contradicts »the basic tenet of EBC, i.e. that the economy is in equilibrium throughout the cycle« (174). Neither has Lucas's empirical research on the business cycle »yet reached the degree of operationality required by his own scientific paradigm« (175). Keynes receives much more favourable treatment. For all the defects of his own heuristic model, Vercelli concludes, Keynes has been vindicated by recent developments in the philosophy of science. Since his death, the limits of formalisation have been increasingly recognised both in the empirical sciences and in mathematics, where criticism of the Hilbert programme has intensified (235 – 237). It is surprising, though, that Vercelli has so little to say about Post Keynesian ideas on the methodology of macroeconomics, and on Keynes's methodology in particular. There was already a substantial literature on all this by the end of the 1980s, and it is regrettable that Vercelli did not make more use of it.

My strongest objection to Vercelli's analysis is to the passages in his concluding chapter that appear to endorse the proposition that macroeconomic theory must (eventually) have micro-foundations. Vercelli is (correctly) keen »to defend the autonomy of macroeconomics« (236), which was threatened by Lucas and his supporters. However,

»[t]his does not imply that we should give up making serious efforts to provide rigorous micro-foundations for our macroeconomic statements, if that means searching for greater consistency between the two disciplines. In other words we should continue to pursue a full synthesis between microeconomics and macroeconomics. Many things have been learned from past attempts, unsuccessful as they were, and many others may be understood through further efforts.« (236)

This is a very confusing passage. Providing »micro-foundations« is not the same thing as ensuring »greater consistency«, which is in any case a much less ambitious project than achieving a »full synthesis«.

Elsewhere in the book Vercelli does seem to acknowledge the problems that arise with the quest for micro-foundations. He is, for example, unimpressed by the principle of methodological individualism (102 and 113), and cites a remarkable passage from Keynes's »Essays in Biography« in which Keynes suggests that, in the social sciences, the atomic hypothesis breaks down and »the whole is not the sum of the parts« (224 n10). This alone is enough to bury the notion of micro-foundations. But it comes in a footnote, and it really should have been placed in the text and given much more emphasis. Vercelli is also (justifiably) hostile to inter-theoretic reductionism: »the only known way to reduce biology to chemistry is murder« (236). If all this is true, foundational metaphors in economics must be abandoned as entirely useless, or worse. Yet Vercelli refuses to draw the appropriate conclusions from his own argument.

These issues have become much more important since 1991. Micro-foundations has become the defining characteristic of the NNS. It is a dogma that, unless rebutted, has the potential to do considerable damage to Post Keynesian macroeconomics (King 2009). Writing in the late 1980s, Vercelli could not have anticipated its current significance. But this reinforces my criticism of his publishers for making this re-issue available without any attempt to update it.

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 King, J.E. (2009): »Microfoundations?«, in Hein, E., Niechoj, T., Stockhammer, E. (eds.), *Macroeconomic Policies on Shaky Foundations: Whither Mainstream Economics?*, Marburg: Metropolis Verlag, forthcoming.

John E. King, La Trobe University, Melbourne

Harvey, John T., Garnett, Robert F. (eds.) (2007): *Future Directions for Heterodox Economics*, Ann Arbor (322 pages, paperback, University of Michigan Press, ISBN-13: 978-0-472-03247-1).

This volume is an outcome of the first biannual conference that ICAPE, the International Confederation of Associations for Pluralism in Economics, held in 2003. Pluralism has indeed been the key concept of ICAPE, its member associations, that conference and, thus, the present book.

The last time ›pluralism‹ in economics existed was during the twenties and thirties of the 20th century when critical issues of micro and macro were highly overt and controversial even among prominent economists, while neoclassical ›solutions‹ were still highly contested. That was before neoclassicisms' ›normalization‹ of the discipline (e.g. Morgan/Rutherford 1998).

However, many perspectives, schools, paradigms, and traditions of thought that are critical towards the neoclassically dominated economic mainstream have increasingly shaped again the questions, issues, and methodologies of advanced, real-world inspired and complexity-oriented economic research in the last, say, thirty years.

Nevertheless, the mainstream has never ceased to dominate higher education and textbooks. And the core curricula have never really changed. A monistic mainstream thus also dominates academic recruitment and, with its equilibrium and optimality preconceptions, its market religion and its neoliberal dominance, also the mass media, the general public, and the political and administrative castes.

Thus, there is a tension between research, with its complexity, evolutionary, institutional, and political-economic perspectives, on the one hand and the untouched simplistic mainstream industries of academic education, recruitment, and public advice on the other, a relative heterodox ›offensive‹ in research and methodology and an orthodox retention and even counteroffensive in mass ideology, politics, and academia, (e.g. Elsner/Lee 2008).

In fact, economics is a discipline dominated by a mainstream with strikingly obsolete conceptions and methods compared to other modern sciences (e.g. Buchanan 2008). The mainstream has made economics a non-critical discipline, and also a somewhat irrelevant one, incapable of solving even the most basic current problems (e.g. Fulbrook 2003). And still, »non-adherence to the party line results in negative sanctions«, as John Harvey puts it in the preface of the present book.

Thus, the request for pluralism in economics has become ever more forceful in the last two decades (e.g. Groenewegen 2007). Most notable was the *Plea for a Pluralistic Economics* that was published in the *American Economic Review* in 1992, signed by prominent economists. ICAPE was founded in this spirit in 1993, as an umbrella organization of heterodox and pluralistic economic associations, departments, and institutes.

The book develops shared heterodox ›foundations‹ (Part 1), practices ›crisscrossing paradigms‹ (Part 2), and drafts ›new political economies‹ (Part 3). It publicizes the multiplicity, diversity, pluralism, tolerant communication and interaction among critical, non-apologetic economic approaches. It campaigns that pluralism and open, tolerant discourse

are the very mechanisms that favor intellectual progress. In fact, as Rob Garnett, informs us in the introduction, ›hetero‹ has both meanings, ›multiple‹ and ›different‹.

In Part I, Sheila Dow (»A Future for Schools of Thought and Pluralism in Heterodox Economics«) develops a theory of paradigmatic pluralism from an open-system view of scientific knowledge where diversity is enabling knowledge production (rather than constraining it) through a structured pluralism. An optimistic view of the impact of heterodox economists on the discipline is put forward also by Neva Goodwin (»From Outer Circle to Center Stage: The Maturation of Heterodox Economics«). It appears that heterodoxy might continuously step forward, increasingly gaining influence on the discipline. Goodwin offers the approach of contextual economics which she, together with some coauthors, has successfully established with her textbooks *Microeconomics in context* and *Macroeconomics in context* in recent years. In the same vein, Stephen Ziliak's contribution (»Heterodox Economics and the Resurrection of Economic Significance«), drawing upon his previous work with D. McCloskey, is a praise of the superior significance (of heterodoxy) over quantitative precision (of the neoclassical mainstream) the latter of which often enough has turned out to be ›precisely wrong‹. Two more chapters in the first part deal with epistemological issues, particularly appropriate ontologies (Ch. 4) and an ethics, or Hippocratic Oath, for economists (Ch. 6).

Finally, John Davis (»Heterodox Economics, the Fragmentation of the Mainstream, and Embedded Individual Analysis«) focuses on the ontological and theoretical differences between orthodoxy and the heterodoxies in the core field of the individual. While generally social interdependence and embeddedness of the individual mark the watershed between neoclassical analysis and the heterodoxies, Davis points out that the mainstream is increasingly less monolithic.

This may in part be due to the more complex and more fruitful heterodox paradigms which have developed formal models and methodologies in recent decades, such as complex modeling, system dynamics, or computer simulation. These have transcended the mathematics of simplistic ›optimization‹ and equilibrium rooted in the 19th century and have become increasingly attractive to the ›normal science‹ while the neoclassical research program somehow reached its limits in the nineteen-seventies through the works of Arrow, Debreu, and H. Sonnenschein (see also the heterodox Mirowski-debate in the 1980s).

Davis addresses, for instance, game theory as a case of an approach that has been contested area between the mainstream and heterodoxies, and among heterodoxies. While neoclassical economics has problems to integrate such an approach based on direct interdependence of agents into its core ›market‹ model and at the same time retain ›optimality‹, equilibrium, and stability, many heterodox economists have allotted game theory to neoclassicism because of its starting point of methodological individualism and maximization. Its evolutionary-institutional potential, however, comes to the fore in a non-cooperative supergame perspective that easily transcends short-run ›hyper-rationality‹ and simplistic individualism. Davis' defense of game theory thus falls a bit short of this potential

by praising cooperative game theory which would require a more elaborated institutional frame already pre-existing.

Anyway, his conclusion that today »[i]mportant parts of mainstream economics are not at bottom neoclassical« (56) appears most important for heterodoxies. The analysis also leads Davis to conclude that the politics of pluralism of the heterodox economic associations would stem more from general social values, rather than being derived from the very substance of heterodoxies.

In Part 2, Andrew Trigg (»Quantity and Price Systems: Toward a Framework for Coherence between Post-Keynesian and Sraffian Economics«) »crisscrosses« Keynes and Sraffa, in a formal model integrating a monetary economy and growth and distribution. Mary King (»Defining Social Sustainability: The Political Economy of Social Reproduction«) elaborates on the mutual interdependence of social, economic, and ecological sustainability, namely the dependence of ecological and economic sustainability on a sustainable social reproduction. The latter, in turn, is illuminated in its complexity, but also developed further towards »operationality« and manageability.

The other two papers in this part demonstrate that heterodoxies and modern complexity economics are of the same breed: complex computer simulation is a prior approach, reflecting core elements of heterodox theories such as holism, historical time, path-dependence, circular cumulativity and nonlinearities, unintended consequences, fallacies of aggregation, multiple equilibria, idiosyncrasies, bifurcations, phase transitions, and complex system orbits. Michael Radzicki (»Institutional Economics, Post-Keynesian Economics, and System Dynamics: Three Strands of a Heterodox Braid«) »crosses over« Post-Keynesianism and Institutionalism through System Dynamics, a powerful tool accessible to policy and institutional design. Jerry Courvisanos and Colin Richardson (»Invention, Innovation, Investment: Heterodox Simulation Modeling of Capital Accumulation«) apply complex simulation to capital accumulation »plus innovation«, contributing to a major heterodox theme, the microfoundation of macro process.

Finally, Part 3 is intended to address more topical real-world themes. Steven Horwitz (»Catallaxy, Competition, and Twenty-First Century Capitalism: An Agenda for Economics«) develops a heterodox perspective of Austrian economics that then can recognize and deal with power and coercion outside the state, i.e. in the core of the »market«. Neil Browne and Kevin Quinn (»The Lamentable Absence of Power in Mainstream Economic Theory«) resume the theme of power and address the market's inherent tendency towards self-suspension. They confront the mainstream (Austrian economics included in the mainstream here) with embarrassing themes such as real-world income and wealth distributions, lacking consumer sovereignty, and pseudo-individualism without true individual personalities. Antonio Callari and David Ruccio (»Socialism, Community, and Democracy: A Postmodern Marxian Perspective«) consider particularly the role of Marxism within future economic heterodoxy. They apply an open system perspective wherein the commodity dimension of Marxian analysis is supplemented by a »multidimensional« perspective of individualism and personality which in their view cannot be derived from commodity analysis alone. Finally,

Theodore Burczak (»Hayek, Sen, and Social Justice«) discusses the Austrian perspective on social justice (which is skeptical because of the well-known Hayekian »limited-and-fragmented-knowledge« presumption), as compared to Sen's positive distributive-justice and capabilities approach.

Applied real-world issues such as those mentioned by institutionalist Anne Mayhew in the foreword: poverty, maldistribution, largely inaccessible health service, exclusive education, etc., that the mainstream is incapable of explaining and dealing with, is not the main focus of this volume, though. It is no collection of topical issues to combat the impacts of neoclassicism and neo-liberalism, financial meltdown or global imperialism, nor a set of pamphlets for new institutional deals. In a word, the book is not a political economy of current contested topics. Rather, it is an exhibition of what heterodoxies are and can both among each other and vis-à-vis the mainstream, and which benefits ›pluralism in practice‹ within economics might yield.

Obviously, pluralism is not an easy conception. Can one be a ›pluralist‹ economist? Certainly not. But heterodox economists have come to develop in ever more detail an understanding of interaction, exchange, communication, commonalities, and differences among the (heterodox) perspectives. And contestability among them is broadly accepted, as Fred Lee mentions in the book series foreword. A common framework for a lively interacting open science, i.e. future economics, thus is being generated, and the present book is a major milestone in this process.

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Rossi, Sergio (2007): Money and Payments in Theory and Practice, Abingdon and New York (149 pages, hardcover, Routledge, ISBN 978-0-415-37337-1)

One of the main protagonists of the monetary circuit school, in particular the ›money-emission‹ branch of this school, Sergio Rossi (University of Fribourg), has presented a small book which addresses issues of money, payments and monetary policies. The basic theme which

is running throughout the book is that from its logical origin money is and has to be a double-entry bookkeeping device generated in the banking sector. Money originates from the interaction of banks and firms or the state and is thus endogenous with respect to economic activity. This has major implications for the working of the payment system and for the real economy, as Rossi sets out. From its very nature money is thus non-neutral regarding economic activity, in the short and in the long run. Therefore, Rossi's book contributes to what Keynes (1933) had called a ›monetary theory of production‹ and Schumpeter (1954) had termed ›monetary analysis‹.

The structure of the book is straightforward and well organised. In Chapter 1 the essence of money and the mechanisms of credit are outlined. Chapter 2 deals with the monetary macroeconomics of banking and payments. Chapter 3 introduces the central bank and the state and analyses the monetary macroeconomics of inter-bank and state payments. The international dimension comes into play in Chapter 4, in which the current architecture for international payments is discussed and suggestions for a reform of the international monetary architecture are presented. Finally, in Chapter 5 monetary policy strategies are evaluated. This chapter contains a critical appraisal of the now prevailing inflation theory and the strategy of inflation targeting practiced by major central banks. Since this strategy is considered to be deficient, a structural target for monetary policies is suggested, which implies a reform of the payment system more in line with the double-entry bookkeeping nature of money.

Sergio Rossi has produced a stimulating and comprehensive book on the ›money emission‹ branch of the monetary circuit school. However, some open questions and problems remain, and a more in depth study of these crucial issues seems to be required. First, when criticising and attacking other Post-Keynesian (PK) approaches, Rossi should have been more careful in distinguishing his approach from the theories of his fellow PKs. His critique and rejection of the ›state drives money‹ or chartalist view (16–22) in Chapter 1 is thoughtful and convincing. However, the critique of the PK endogenous money approach (29–31) does not fully meet this standard. In particular, it remains unclear why this approach should have ›a close affinity to the commodity theory of money‹ (30). Rossi also claims that Post-Keynesian endogenous money theorists hold ›that banks can create wealth with a mere double-entry in their bookkeeping‹ (30). This seems to be a misunderstanding. What PK authors, like the quoted Alain Parguez and Mario Seccareccia, argue is that creation of credit *permits* the creation of net wealth by means of production. This is exactly what Rossi's own ›money emission‹ approach in Chapter 2 attempts to put forward. In this chapter, the distinction between ›initial finance‹ and ›final finance‹, introduced by Graziani (1989), would have been helpful for a better understanding of the monetary circuit – and the circuit of income underlying Rossi's analysis.

Secondly, Rossi's theory of inflation and the suggestions for monetary policies derived from this theory are not yet convincing as they stand. Inflation is akin to be a ›monetary phenomenon‹ in his approach – the volume of the means of payments generated by the banking sector seems to systematically exceed the value of the produced goods, due to inappropriate

bookkeeping by banks, which then causes an increase in prices. This is hard to swallow from a PK perspective. Conflict inflation figuring prominently in this perspective is completely missing from the story. And also the monetary macroeconomics of Rossi's structural theory of inflation are not yet clear. Again, a discussion in terms of ›initial finance‹ and ›final finance‹, keeping track of the monetary and the income flows through the complete circuit and avoiding black holes, would have been helpful for the understanding.

This book will surely stimulate the debate on money and payments among monetary macroeconomists in general, and among Post-Keynesian economists in particular. Especially the attempt to develop the implications of the ›money emission‹ approach for monetary policies and the international financial architecture should be highly welcomed, both by researchers in the field and by students of monetary macroeconomics.

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Cohn, Steven Mark (2007): Reinroducing Macroeconomics: A Critical Approach, New York (396 pages, paperback, M.E. Sharpe, ISBN 978-0-7656-1451-3)

One important element for the dominance of the theoretical framework which is commonly identified as the mainstream in economics is that the majority of textbooks used to teach economics build upon the same basic ideas and use a similar (narrow) approach. Steven Mark Cohn intends to provide a more critical introductory approach to economic theory with his book *Reinroducing Macroeconomics*. Writing a heterodox introductory textbook necessarily involves a decision on how to relate to standard literature. Some authors opt for explaining economic thinking exclusively from, for instance, a Post-Keynesian, Institutional, or Marxian perspective. Another possibility would be to integrate heterodox and mainstream approaches in order to provide a unified, convincing economic framework, as *Macroeconomics in Context* (Goodwin et al. 2008) does. Cohn instead, knowing that students usually do not have the freedom of choice to exclusively use a heterodox textbook, wrote his book to accompany teaching with standard textbooks (which students usually have to work with anyway), by using a similar structure and developing a chapter by chapter critique.

In order to have a main thread throughout the book, Cohn makes the assumption that ordinary textbooks present a common neoclassical mainstream approach as opposed to a heterodox alternative he tries to contrast it with. He is well aware that this is a disputable simplification, for neither the mainstream as such is in fact a homogenous framework nor

do heterodox economists see themselves as an opposition with a unified research program. However, Cohn argues, mainstream textbooks all build on the same neoclassical assumptions and way of thinking while heterodox economists have sufficient common ground to start from, at least for a principles textbook.

The first two chapters discuss important omissions of most introductory books, i.e. philosophical debates and methodological foundations underlying economic reasoning. After revealing how mainstream textbooks use a specific form of analysis and model-building in combination with selected metaphors to transport a certain perception of economic behaviour, Cohn makes the point that »thinking like an economist« (a common title of one of the first chapters in most textbooks) in fact teaches its readers to think like a *neoclassical* economist and thus limits thinking to a rather narrow perspective. The subsequent chapters of the book then raise a multitude of basic heterodox objections to many concepts the profession nowadays has in use, and in most cases does not critically reflect upon. These critical assessments start from the *ceteris paribus* condition and cover issues like the Micro-Macro-Foundation dispute, General Equilibrium vs. path dependency, the implications of Keynes' emphasis on uncertainty, drawbacks of using GDP growth as a measure for well-being and as the ultimate policy objective, the social cost of unemployment and a re-examination of the theories underlying the components of aggregate demand.

In chapter ten and eleven Cohn then deals with a centrepiece of heterodox critique, the role of money and its application to monetary theory and policy, before criticizing the AS-AD framework and presenting the *social structures of accumulation*-approach as a viable heterodox alternative. The later chapters of the book discuss international economics, inequality, and the environment, respectively, in more detail. Towards the end of the volume the author provides a summing-up chapter (like other textbooks do), which relates the presented theories and disputes to current policy debates in macroeconomics. Finally, the very last chapter reviews the debate between orthodox and heterodox economists, before offering some very useful references to further reading on various heterodox approaches and schools.

Reintroducing Macroeconomics not only contains end-of-chapter study questions like other textbooks, it also makes a good effort in reviewing the content of each chapter on gender, environmental and distributional aspects, respectively. The author writes in a very clear and easily understandable way, although it must be said that some arguments keep revolving too often, like the *note-but-ignore-motif* (standard textbooks tend to mention problematic issues in a side note, but do not deal with them theoretically) or the reference to *neoclassical subtexts* (implicit paradigmatic judgements underlying certain statements). What some people might find disturbing, but might as well help students to grasp the key points made and even inspire them to read the original texts is the extensive use of quotations throughout the book, not only in the text but also in a separate section called *in their own words* at the end of many chapters. Cohn does an excellent job in consolidating a wide range of topics, giving a very broad insight for under-graduates but still providing enough

depth to address graduate economists not yet familiar with all heterodox objections to basic standard theory.

Going one step further, one could ask for a more elaborate critique of the profession's focus on econometric methodology or a reference to newer developments in mainstream theory like models with multiple equilibria solutions or agent-based computational models (ACE), which allow modelling virtual worlds with millions of different, learning agents and complex social interactions (Colander et al. 2008, LeBaron/Tesfatsion 2008). A chapter on the inclusion of some formerly heterodox approaches into today's mainstream framework would have been a valuable addition, since Cohn obviously needed to contrast the orthodox paradigm with heterodoxy to make his point but did not intend to create a dichotomy between a 'good' and a 'bad' form of economics. Then again, taking account of all these additions and extensions would probably be too much for an introductory textbook. In conclusion, Cohn's book has a lot to offer and should really be considered by teachers to be used in class as an easily accessible introduction to heterodox economics.

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