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Paul Samuelson on the History of Economic Analysis. Selected Essays, by Steven G. Medema and Antony M. C. Waterman (Cambridge University Press, New York, 2015), pp. x + 466.

This book's editors begin with the observation that 'perhaps 20 percent' of Paul Samuelson's scholarly publications 'are clearly identifiable as studies of the history of economic thought' (HET). As a tribute to this intellectual bequest, they have, with Samuelson's animated collaboration, republished 17 of his HET papers and provided an exhaustive bibliography.

Surely no one with a comparable significance to economics has shown anything close to Samuelson's interest in the subject's past. But in browsing this harvest of Samuelson 140 HET papers, the principal question raised in this reviewer's mind was why this prodigal gift to the HET is so unsatisfying. It is not because it lacks interest: points of enlightenment and stimulus litter the pages. It may be partly on account of the style: his papers can read like memoranda to himself (shades of Ricardo's *Principles*). And it may be because Samuelson's treatments are often too sweeping to do justice to their topic.

But the principal source of frustration with Samuelson's HET has been well identified by his critics: his HET is an exercise in 'rational reconstruction'. That is, the task Samuelson set himself was to 'model' the written words of past economists; to condense their text into a spare collection of equations and diagrams. And what, it may be asked, is wrong with that? This activity is similar to the textbook formulation of any original author, and textbooks are useful. Samuelson's second pressing of the original fruit by his

technical apparatus also yields additional insights and criticisms.

The deficiency in rational reconstruction is this: it posits that the historian of thought amounts to a draftsman working into blueprints the verbal account of some machine supplied by an eyewitness who only approximately understood what they beheld. Thus economists of the past saw some complete machine, if only through a glass darkly. A less inaccurate metaphor of the historian of economics activity, I believe, would be a musicologist contemplating the drafts of an unfinished composition of a composer. This alternative metaphor recognises the unfinishedness of the work of just about every creative economist. It also positions near the centre of our attention the end the creator was seeking. And, in sympathy with the subjectivism of that positioning, it rightly flinches at the assumption that there was some objective system 'out there' beheld by a given economist of the past. Whereas Samuelson matter-of-factly refers to the 'system' of Smith (and Keynes and others), perhaps a given economist had no system; or more than one; or perhaps there are several equally plausible alternative formalisations of 'his system' into equations.

Samuelson's lack of sense of the subjective also weakens the one type of HET that he practised beyond the rational reconstruction: the memoir (these include his memories of Norbert Weiner, Schumpeter, Bergson, Leontief, Modigliani, Haberler, Joan Robinson, Heller, Hayek, Frisch and Ohlin). For all their sharp etching of the background, these sketches have a flatness in the depiction of their subject. Granted, the account of something so elusive as a mind is difficult. But we may contrast what Smithies (1950) achieved in his memorial of Schumpeter with Samuelson's (undeniably interesting) recollections of the same.

Perhaps the pith of the problem is that Samuelson, as a critic, is deficient in sympathy. His brilliance is adamant. Yes, he is most arresting when he calls out the great, including Keynes, and 'the often over-rated David Ricardo'. Yet his tone is censorious. A more fruitful leniency would allow that error can be interesting – as he could certainly recognise (Samuelson, 1977). Failure, too, can be interesting, however joyless. Of Ricardo, Samuelson gripes: 'we see, as if imprisoned in amber, the backward and forward gropings of a scholar who from his 1814 entry into micro until his death in 1823 makes almost

no progress in his self-created ambiguities and problematics' (Samuelson, 1987). I believe the truer response of the historian of thought would be to seek to make intelligible what Ricardo was trying to do, even if he did not do it, and even if it could not be done.

A second illustration of the contrast between what a historian of thought might do, and what Samuelson does, is found in his treatment of Hume's theory of specie flow (Samuelson, 1980). Hume had conjectured that any differential between home and foreign price levels would induce a balance of payments consequence that would close the differential. Samuelson rightly registers that in so far as home goods and foreign goods are perfect substitutes there cannot be a differential. 'Davie nodded', says Samuelson. But did Davie think in terms of goods home and foreign being perfect substitutes? Perhaps he did, in which case his model does require repair to make his point; and real balance effects might be invoked to secure specie flows even in the absence of a differential. Or perhaps Hume implicitly supposed that transport costs were operative. This possibility, too, Samuelson articulates analytically. But in the face of such analytical retrofits, the historian of thought would find more interest in an imaginary (if not completely fanciful) lost letter in which Hume responds to the criticism that one his premises make his argument redundant. To that conjecture this retort might be made: 'historians of economics may be more interested in such a letter; but would economists?' The retort is well taken. But I would reply that all economists will benefit from knowing what a mind such as that of Hume was thinking. The benefit of a different attitude to economists of the past is displayed by Friedman (1949), in his account of Marshall's theory of the demand curve. Friedman is not interested in the possibility that Alfie nodded. He wants to put through its paces Marshall's notion of a demand curve as a map of the response of quantity as price, holding 'all' other things unchanged.

Doubtless I am too reverential. Doubtless HET benefits from the presence on its panel of a tough marker like Samuelson. And perhaps Samuelson only demanded such high standards of those on high; certainly, he could be generous with ordinary economist mortals. But I would not want any future historian of economics to treat Samuelson in a Samuelsonian way. I would not want Samuelson in 2117 to be 'corrected' and 'dissected', or 'formulated' in the terms of 'today'. I

would rather his project be understood, appreciated and explored. Rather as Friedman did Marshall.

Perhaps the General Editor of the valuable series of which the present work is an item, *Historical Perspectives on Modern Economics*, might consider adding to their list 'Selected Essays of Milton Friedman on the History of Economics'.

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Only in Australia: The History, Politics and Economics of Australian Exceptionalism, by William O. Coleman (Oxford University Press, Oxford, 2016), pp. 320.

This edited collection of papers by prominent, mostly conservative writers provides a lot of thought-provoking analysis of Australian exceptionalism and whether it was of its time in the past or is continuing. There are both strong and weak contributions, and the relationship between them is not always clear, but the book makes a substantial contribution to contemporary debates about the appropriate direction for future policy reform.

A central theme through the book seems to be whether Hancock's (1930) description of Australian traits in 1930 still applies today, and whether Kelly's (1992) assessment in *The End of Certainty* following the reform era of the 1980s was too hasty. Is Australia reverting to excessive reliance on government and protection from market forces, both domestic and international?

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