

The Economy of the Word: Language, History, and Economics. By Keith Tribe. Oxford: Oxford University Press, 2015. Pp. 352. \$74.00, hardcover.
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Ludwig Wittgenstein remarks that a language is like an ancient city: “a maze of little streets and squares, of old and new houses and of houses with additions from various periods; and this surrounded by a multitude of new boroughs with straight regular streets and uniform houses” [*Philosophical Investigations, Aphorism #18*]. The language of economics is no different: despite sustained attempts to purify it of contextual contamination threatening the claim to universality, its words carry particular histories. It might be supposed that their philology is only of antiquarian interest, that the boulevards of mathematized economics remove any need to revisit the dead ends and unpaved alleys in the slums, that nothing of importance to the practice of economics can be learned from them. The essays in this book constitute a timely argument against that misconception.

The book opens by describing how “economy” was transformed from a Greek term denoting right ordering and prudent management of an agricultural household to a word delimiting the method of analysis as opposed to its object. The original connotation presumed a single authority responsible for regulating individual activities in the common interest, which at a societal level meant subjecting them to moral obligations of an ordered society. In this framework the individualistic core of modern economics made no sense, because the realization of social harmony by no means implied maximizing the self-defined welfare of individuals. Adam Smith carved out a separate sphere for individualistic getting and spending, but to his dying day he maintained the priority of a moral order. English classical economists took economics to mean inexorable laws governing population, prices, and the distribution of income that it was futile to resist and beyond all appeal to human charity. And although Alfred Marshall reverted to a looser definition as the business of everyday life, Léon Walras and the Austrians restricted its meaning to self-evident truths independent of contingent facts of any particular economy, opening the door to the context-free economics of Lionel Robbins and the mathematical economists. Such shifts in meaning cannot be solely explained by changes in analytical technique; they reflect changing beliefs about the relation of individuals to society and the epistemology of economic knowledge.

The book is organized as a series of essays. The chapter on the early history of the measurement of national income supplies a useful reminder that John Maynard Keynes’ *The General Theory of Employment, Interest and Money* was (and necessarily had to be) conceived as a qualitative exercise. The chapter on Smith’s trade theory shows that he possessed a finely honed if unexpressed understanding of opportunity cost. The chapter on ‘Das Adam Smith Problem’—an academic debate over the relation of Smith’s *The Theory of Moral Sentiments* to *The Wealth of Nations*—is antiquarian, missing a huge opportunity to reconsider Smith’s concept of empathy in light of recent findings by neurophysiologists of “mirror neurons” validating Smith’s intuition that humans are naturally social (see R. Dunbar, C. Gamble, and G. Gowlett. *Social Brain, Distributed Mind*. Oxford: Oxford University Press, 2010).

Perhaps the best chapter is an essay relating Marx’s early writings on economic matters to his legal training at Berlin and his subsequent exposure to French critiques of capitalism. Although little here is entirely new, it displaces Marx’s thought from the realm of pure philosophy to the social problems of a rapidly changing economy, which, following the lead of French critics he associated with inherent properties of capitalism.

It also highlights his lasting engagement with practical questions. What Marx contributed to the French critique was the argument that paying labor a competitive wage produced a surplus value that powered the laws of motion of a capitalist economy. He had that vision of an economy driven to ruination by its internal dynamic in the late 1840s, and spent the rest of his life trying analytically to demonstrate it, obsessively reading everything he could lay his hands on, writing and rewriting the argument, always circling back on the original insight. As Tribe observes, he failed because as Marx himself must have suspected, it was analytically incoherent. What Marx did achieve was a brilliant, possibly the best and certainly the most original analytical description of the European economy of his age—an economic history.

The final substantive chapter deals with the origins of Walras's "Pure Economics," which Tribe situates in economic writings of his father Auguste, from whom the son took the idea that value, wealth, and property originate in scarcity and that market exchange is necessarily a mathematical relation. The crucial event triggering the invention of general equilibrium was a comment by a friend that no political economist had as yet demonstrated that prices and quantities under pure competition are optimal and unique. The motivation behind the "Pure Economics" was thus to prove a point, not as Marx, and subsequently Alfred Marshall aimed at doing, to analytically to describe a real economy. To make that point Walras applied the machinery of simultaneous linear equations. In this regard, it is useful to recall that Walras was an indifferent mathematician who failed the competitive entry examinations to *École Polytechnique* and *École des Mines*. By contrast, Marshall, whose economics is frequently dismissed as non-rigorous, was Second Wrangler in the Cambridge Math Tripos (a rank shared by Clerk Maxwell and William Thompson). Walras's "Pure Economics" presupposed private property, competitive markets, and utility-maximizing individuals as its sole institutional and behavioral inputs. He modeled a simple exchange economy as a general auction; to circumvent the fact that production takes time, he postulated a complete market in contingent contracts. Why that particular idealization should come to dominate a field ostensibly dedicated to understanding how economic outcomes actually happen is not the least paradox in the history of economic language.

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Political Order and Inequality: Their Foundations and Their Consequences for Human Welfare. By Carles Boix. New York: Cambridge University Press, 2015. Pp. xiv, 311. \$22.99, paper.
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Of late, economists and historians have become increasingly focused on the political economy of the state and identifying what explains why some nations are rich and some are poor. To name just two of the most prominent recent contributions, Douglass North, John Wallis, and Barry Weingast in *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (Cambridge: Cambridge University Press, 2009), and Daron Acemoglu and James Robinson in *Why Nations Fail* (New York: Crown Business, 2012) have tried to explain why extractive/oligopolistic elites have tended to predominate and have been replaced with great difficulty by more productive orders in only a minority of the world's nations. But as Carles Boix in this current work notes, there has been insufficient attention to developing a theory of how