

Sylvia Nasar, *Grand Pursuit - The Story of Economic Genius*

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INTRODUCTION

Sylvia Nasar's *Grand Pursuit: The Story of Economic Genius* is indeed a captivating book and the Romanian edition made available by All Publishing House in 2014 can be nothing else than saluted by anyone interested in the history of economic ideas. The book oscillates somewhere between economic history and history of economic though, but, interestingly enough, it adds a new element to the mix. It tries, and possibly succeeds, to make economic ideas accessible and interesting for the general public. Sylvia Nasar, renowned economic journalist and author of the bestselling biography *A Beautiful Mind*, is probably the best woman for the job.

Grand Pursuit is, as marketed, a collective biography of some of the most renowned economists ("the geniuses" of economic science) from roughly 1840 to 2000. But it is also a little more than that, because it combines these biographies with economic history and with the evolution of economic ideas. An interesting aspect which can puzzle the reader is the way in which the architecture of the book is designed. One would expect that each chapter will deal with a different character, as is accustomed in similar works. Instead, Sylvia Nasar mixes the story in such a way that a handful of economists appear throughout most of the chapters, namely John Maynard Keynes, Irving Fisher and Joan Robinson, following rather the chronological order of the (economic)

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events they participated in. I will try in the following section to give a brief resume on each of the characters present in the book.

THE MAIN CHARACTERS

The story starts practically with **Karl Marx** and Friedrich Engels as two refugees in Victorian London. Living in the full swing of the industrial revolution, Marx is presented as the son of a bourgeoisie family who inherits his fortune and quickly manages to spend every last dime of it. Blinded to the miracle of capitalism, he is trying to defend an old idea (going back to Malthus and Ricardo), namely "the iron law of wages". By doing this, he aims to prove that in spite of capitalist progress, the working man will experience no increase in his standard of living. Interestingly enough, Nasar points out that he fails in his task because the empirical data could just not be used to sustain this thesis. The improvement in the living standards of the working class in Britain was so evident that Marx needed to *invent* some data to fit his conclusion. Generally, Marx appears mostly as an intellectual fraud, especially when Nasar mentions that although he was an ardent critic of the working conditions in factories in a capitalist society, Marx never actually visited any single factory in his lifetime.

After presenting the intellectual father of socialism, Nasar quickly moves to the next influential economist - **Alfred Marshal**. The reader is in this case fascinated with Marshal's passion for empirical evidence. Hoping to solve the problem of eliminating poverty and raising the standards of living of the working class, A. Marshal starts an ambitious project of collecting data from American factories in order to find out what businessmen do to increase productivity. Through his multiyear project he comes to the conclusion that the implementation of new technologies and the flexibility of the workforce can indeed increase productivity. His findings will help him complete his masterpiece - *Principles of Economics*, which would be finished when he was 48 years old. Just to incite the reader, Marshal is also presented as actively

fighting for women's rights, militating whenever he had the chance for their full integration in society.

Third on our list is **Beatrice (Web) Porter**. One of the Nasar's favorite characters, Beatrice is more of a political lobbyer and social engineer than a hardcore economist. Born as the ninth daughter of a rich businessman and given a rather liberal education (including here Herbert Spencer as her mentor), her passion to help the poor transforms her into a leader of the Fabian society. After a failed love relationship with the famous politician Joseph Chamberlain, she marries another socialist – Sidney Web. Her influence grows so powerful in Britain, that she becomes capable of influencing politics practically at every level, including here even leaders such as Winston Churchill. Shortly put, Beatrice (Web) Porter becomes one of the founders of the welfare state in Europe, continually trying to find different ways for the state to finance and implement different social engineering schemes².

Another leading character in the book is **Irving Fisher**. Keeping aside otherwise interesting aspects regarding his personal life (like for example the fact that he could be considered a "health nut" in today's language) the chapters staring Irving Fisher are particularly stimulating because they include relatively serious discussions on economic theory. As an economist, Fisher has concerned himself particularly with the role of money. During the years he exposed different variants of the alleged quantity theory of money³ and has remain well-known in economic history for his attempts to stabilize the purchasing power of the monetary unit with the help of index numbers. On the side, I. Fisher also became a wealthy businessman, but lost his fortune in the Great Depression, which he failed to predict.

² Ironically enough, Beatrice and her husband were also among the founders of the London School of Economics.

³ A generally accepted economic theory which states that the purchasing power of the monetary unit varies in accordance with the total quantity of money in society.

J. A. Schumpeter also appears in a considerable number of pages. Curiously, Nasar does not put a lot of stress on his otherwise famous and fashionable theory on entrepreneurs and innovation, but more on his personal life. Although his concept of "creative destruction" is mentioned numerous times, the author appears to be more fascinated with Schumpeter's role as a "ladies' man" and as a rather uncommon politician. His time spent as the minister of finance, which brought him fame and wealth (which he apparently had no problem in displaying even when most of Wien was practically starving), can be considered a somewhat failed political career.

But the true star of this book is no other than **John Maynard Keynes**. Sylvia Nasar's fascination with Keynes's persona is so blatantly evident that the author of the present paper has no doubt that her general ideology is Keynesian in essence. However, as in the case of other economists, Nasar appears more interested with his personal life and his political actions, than his economic theories. After the First World War, Keynes considered that the peace treaty of Versailles imposed conditions that were extremely harsh for the losers (particularly Germany and Austria) and that this could lead to nothing other than a new war. These ideas were expressed in his book *The economic consequences of the peace*. But, to my mind, Keynes becomes even more interesting when the Great Depression comes along during the 30's. Along with Fisher, Keynes fails to predict the crisis. Shortly after the economic bust begins, they both claim that the economic downturn will swiftly go away. Fisher loses his fortunes and is publicly ridiculed, but somehow continues to exert political influence. Keynes's investments were also whipped out in 1929 in the famous Wall Street crash, but he managed to regain his winnings in the last part of his life. Keynes and Fisher alike continually lobbied Herbert Hoover and then Franklin D. Roosevelt during the depression for monetary stimulus, deficit spending and putting an end to the gold standard.

Milton Friedman shortly appears, ironically, as the man who helped improve America's tax system. Nasar does not say anything about monetarism and Friedman's role in the liberal movement. This is somewhat strange given the fact that he played a crucial

role in the history of economic ideas and Nasar's omission cannot be in this case explained.

On the other hand, the present author can do nothing but credit S. Nasar with the fact that, **Ludwig von Mises**, one of the most renowned, but curiously enough, rarely mentioned economist in the world, is present in her book. His contributions in the great economic calculation debate with socialists like Oskar Lange were pointed out. Mises was the first economist who stressed the fact that socialism was an *economic impossibility*⁴. However, it would have been an improvement, in my personal opinion, for Ludwig von Mises to have his own chapter, rather than being presented under the heading *Schumpeter and Hayek in Wien*.

Joan Robinson, a Keynesian protégée, is another personal favorite of Sylvia Nasar. Starting her work on the theory of competition, she became a full blown socialist in the last years of her life. As a fun fact, the book *The Economics of Imperfect Competition* (1933) was written according to Nasar by J. Robinson, her husband and her lover, although it appeared only under her name. Her actions in life seem to be guided rather by passion than by reason. She suffers from numerous "depressions" (some of them taking the form of full-blown maniacal episodes), which usually end with her hospitalization, suggesting to the reader that her mental health was not one of the best. At the end of her life she becomes one of Stalin's *parade economists* in his communist propaganda program.

The last on our list is **Amartya Sen**, economist of Indian origin and previous student of J. Robinson. After contesting Robinson's socialist views, Sen quickly becomes a liberal (not in the classical sense of the word, but in the style of the liberalism of the Bretton Woods institutions). He goes against utilitarianism and upholds that humans rights and freedoms are more important than wealth and technological innovations. Education, health and life expectancy are also vital parameters of development for

4 See for example Mises (1920).

Amartya Sen. The Human Development Index, used by the World Bank, is practically inspired from his works.

SOME FINAL CONSIDERATIONS

The characters presented in Nasar's book come to life before the eyes of the reader, due to the authors' style of mixing personal life stories with economic history and ideas.

As with any great book, there are also sensitive aspects regarding *Grand Pursuit*. One of these is Nasar's fundamental fascination for Keynes. It is understandable to a certain extent, that each and every author has a favorite economist and consequentially a favorite ideology. But Sylvia Nasar seems to block out important economic events, like for example Hayek's successful come back in the 70s. After he became Nobel laureate in 1974, Hayek's philosophy had a deep influence on international politics, especially through renowned political leaders like Margaret Thatcher and Ronald Reagan, contributing to the general wave of deregulation and privatization of the 70s and 80s. These economic events and ideas deserved in my opinion more than a few paragraphs at the end of a chapter.

All and all, I venture to claim that Sylvia Nasar's *Grand Pursuit: the Story of Economic Genius* fulfills its main goal. It makes economists real people, who lived extraordinary lives which are worth remembering. Furthermore, it makes economic history and economic thought an enjoyable reading and, even more importantly, accessible to the general public.

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