economics known as Sraffian economics. Sraffian economics is named after Piero Sraffa, author of the obscure theoretical work *Production of Commodities by Means of Commodities* (Cambridge University Press, 1960), which has highly influenced Marxists and post-Keynesians. Essentially, Sraffa uses a Ricardian model to claim that national output is completely independent of wages, prices, or consumer demand. Accordingly, governments can pursue their grandest redistributive schemes without damaging economic growth in the least.

In a scathing critique of *The New Palgrave Dictionary of Economics*, Blaug lambastes Sraffian economics as mathematically obtuse and irrelevant to the real world, and assails the editors for citing Marx and Sraffa "more frequently, indeed, much more frequently, than Adam Smith, Alfred Marshall, Leon Walras, Maynard Keynes, Kenneth Arrow, Milton Friedman, Paul Samuelson or whomever you care to name."[3]

Recently, Blaug has criticized modern economics for the "noxious influence" of Swiss economist Leon Walras in creating the "perfectly competitive general equilibrium model," or GE for short. Most of the textbook writers, including Paul Samuelson, are enamored with GE, because of its mathematical precision. For example, the perfect competition model focuses on the final end-state of competition, rather than the competitive process itself. Blaug labels perfect competition a "grossly misleading concept" that ignores the role of the entrepreneur. He urges economists to "rewrite the textbooks" and replace the current Walrasian GE model with the dynamic Austrian view of the competitive process.[4]

Blaug on Austrian Economics

Joseph Schumpeter, F.A. Hayek, and Israel Kirzner have been in the forefront of developing the Austrian view of competition. Blaug writes favorably about them all. Although belittling Mises's methodology ("cranky and idiosyncratic") and his business-cycle theory ("empty"), he grants Mises and Hayek "the better case" in the socialist calculation debate. He rates Schumpeter's *The Theory of Economic Development* (1911) one of the three most important books ever written by an economist. Ultimately he prefers Hayek: "In short, it is Hayek, not Mises, who deserves to be patron saint of Austrian economics."[5]

Incomplete Conversion

Blaug's conversion toward free-market capitalism is on the right track. He has gradually shifted toward Adam Smith and Hayek, though he is still enamored with John Maynard Keynes, who he says caused a "permanent revolution." Keynes divides the time line between Blaug's two biographical works, *Great Economists Before Keynes* and *Great Economists Since Keynes*. His current attitude is summed up as "capitalism tempered by Keynesian demand management and quasi-socialist welfarism."[6] Hopefully, that's not the final word on his economic philosophy.

One last note. Regarding Blaug's intolerance of religion, I'm reminded of G.K. Chesterton's response to H.G. Wells's atheism: "H.G. suffers from the disadvantage that if he's right he'll never know. He'll only know if he's wrong."[7] And the last thing that Mark Blaug wants to find out is that he is wrong. □

1. Mark Blaug, *Economic Theory in Retrospect*, 5th ed. (Cambridge University Press, 1997), preface. According to the Greek poet Archilochus (c. 680 B.C.), "The fox knows many things, but the hedgehog knows one great thing."
2. Mark Blaug, *Not Only an Economist: Recent Essays by Mark Blaug* (Edward Elgar, 1997), preface.
3. Mark Blaug, *Economics Through the Looking Glass: The Distorted Perspective of The New Palgrave Dictionary of Economics* (Institute of Economic Affairs, 1988), p. 15.
4. Mark Blaug, "Competition as an end-state and a process," *Not Only an Economist*, pp. 78–81.
5. Ibid., pp. 90–91.
6. Ibid., p. 9.
7. Quoted in Joseph Pearce, *Wisdom and Innocence: A Life of G. K. Chesterton* (Ignatius Press, 1996), p. 133.

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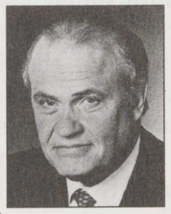

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