

# You'll Find It in *The New Palgrave*

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Free-market economists, especially of the Austrian variety, have faced an uphill battle in gaining recognition in the post-Keynesian world. For many years it was difficult, if not impossible, to be published in the prestigious journals, to teach at major universities, to participate in academic conferences, to contribute to edited books, or just to be mentioned in introductory college textbooks. In short, the economics profession was largely antagonistic toward the tiny band of laissez-faire advocates.

Fortunately, this trend is gradually reversing itself. Hayek became a Nobel laureate in 1974, and a number of "think tanks" (among them the Cato Institute, the Adam Smith Institute, and the Mises Institute) began publishing free-market Austrian views. Murray Rothbard, who for many years taught at the little-known Polytechnic Institute of Brooklyn, is now a professor at the University of Nevada at Las Vegas. The Mises Institute is established at Auburn University, where Leland Yeager and Roger Garrison offer a graduate program in Austrian economics. Other universities that have been receptive include George Mason University, New York University, and the University of Dallas. Two academic journals, *History of Political Economy* and *Southern Economic Journal*, have been fertile ground for Austrian submissions. And even some of the new introductory college texts are including biographies of Mises and Hayek. See, for example, Ralph T. Byrns and Gerald W. Stone, *Economics*, 3rd ed. (Glenview, Ill.: Scott, Foresman, 1987). Sheila C. Dow, in her pathbreaking work, *Macroeconomic Thought: A Methodological Approach* (Oxford, England: Basil Blackwell, 1985), includes the "neo-Austrian" view on an equal basis with other schools of thought (post-Keynesian, Marxian, and mainstream). I hope her approach will be imitated elsewhere.

Unfortunately, the battle for complete recognition is not over. There is still a great deal of prejudice against the followers of Mises and Hayek, especially in terms of obtaining academic positions and publishing in the most important

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Review of *The New Palgrave: A Dictionary of Economics*, John Eatwell, Murray Milgate, and Peter Newman, eds. (London: Macmillan; New York: Stockton; Tokyo: Maruzen, 1987).

economic journals. Murray Rothbard is not even listed in Mark Blaug's otherwise exhaustive *Who's Who in Economics* (Cambridge, Mass.: MIT Press, 1986). Blaug's explanation for this grave oversight is that Rothbard was not cited sufficiently in the academic journals to be included in the list of one thousand famous economists. Radical economists have a difficult time fitting traditional standards.

Another example: a recent scholarly work, *The Gold Standard in Theory and History*, edited by Barry Eichengreen, which Peter Temin at MIT called "the best collection of readings on the gold standard available today," contains not a single article by a gold-standard advocate, and the index makes no reference to the views of Mises, Hayek, or Rothbard. The editor does make a short reference to *The Case for Gold*, by Ron Paul and Lewis Lehrman (Washington, D.C.: Cato Institute, 1982), but that is all. So much for equal time.

### **Free-Market Contributions to *The New Palgrave***

Now comes a blockbuster to the economics profession, a monumental reference work that is bound to be widely used and quoted over the next hundred years: *The New Palgrave: A Dictionary of Economics*.

As a financial economist trying to catch up on what has happened in academic economics over the past few decades, I found *The New Palgrave* to be both comprehensive and fascinating. Blaug's *Who's Who in Economics* pales by comparison. *The New Palgrave* is an updated version of the century-old *Dictionary of Political Economy* (London: Macmillan, 1894, 1896, 1899), edited by Inglis Palgrave, an English banker and editor of *The Economist* in the 1880s.

But this is much more than an update. *The New Palgrave* is 4 large volumes, over 4 million words, and 3,500 pages long. It contains 700 biographies and 2,000 entries. Over 900 economists contributed to the reference work. As would be expected, the price for the set is also enormous: \$650!

There is no question in my mind that *The New Palgrave* will be a success as a single reference work to economics and an indispensable tool for researchers and students. Imagine, turning to a single resource and finding original articles by Milton Friedman, Paul Samuelson, James Buchanan, Kenneth Boulding, George Stigler, James Tobin, John Kenneth Galbraith, and Murray N. Rothbard.

Followers of the free market should not be disappointed in this exhaustive dictionary. There are numerous references to the views of the Austrian, Chicago, or new classical (Rational Expectations) tradition. Unlike most other dictionaries and commentaries, which often ignore Austrian economics or write disparagingly about the free market, the editors of *The New Palgrave* let the

economists speak for themselves. Lengthy contributions are made by such prominent free-market economists as Murray N. Rothbard, Israel M. Kirzner, James Buchanan, Roger Garrison, Karen Vaughn, P.T. Bauer, Thomas Sowell, Milton Friedman, Armen Alchian, and Leland Yeager. For example, Israel Kirzner wrote five and one-half pages on the Austrian school of economics and Murray Rothbard wrote five articles, including two pages on Ludwig von Mises. In all, I counted at least fifty articles written by free-market economists whom I recognized. While this is small in comparison to the other schools that made contributions, it is a promising beginning.

The extensive biographical listings contains a surprising number of Austrian economists, including Carl Menger, Eugen Böhm-Bawerk, Friedrich Wieser, Ludwig von Mises, Friedrich Hayek, Fritz Machlup, Frank A. Fetter, Wilhelm Röpke, Jacques Rueff, and even Richard Strigl. (I was disappointed, however, that Ludwig M. Lachmann and W.H. Hutt were omitted; both qualified in terms of being born before 1915.) The biographical details are far more expansive than those found in other reference works.

### Keynesian Bias in *The New Palgrave*

I am not saying that *The New Palgrave* is without serious faults. Overall the material is heavily weighted against a free-market approach. *The New Palgrave* reflects the fact that Keynesianism and all its many forms still dominate the economics profession. Admittedly, there are significant sections on monetarism, the new classical macroeconomics, and Marxism, but the major thrust of the dictionary is definitely Keynesian. Two of the three editors (John Eatwell of Cambridge and Murray Milgate of Harvard) are Keynesians, while Peter Newman of Johns Hopkins is an econometrician. This perspective is reflected in the fact that the biography of John Maynard Keynes is twenty-three pages long, followed by three subsequent entries: "Keynes's General Theory," "Keynesian Revolution," and "Keynesianism." None are written from the viewpoint of an opponent to Keynesian economics.

There are numerous examples of editorial bias. The entry on "capitalism" is penned by Robert L. Heilbroner, a socialist who refers more to Karl Marx than to Adam Smith in the essay. Heilbroner's bibliography includes numerous references to Marxists and socialists (including Paul Baran, David Gordon, and Gunnar Myrdal) and only one reference to a defender of the market (Adam Smith). An essay on the subject of "price control" is written by John Kenneth Galbraith, a proponent of wage-price controls. The entry on the "gold standard," like Eichengreen's book referred to previously, does not include any pro-gold-standard works in the bibliography.

Of course I have no objection to the editors' inclusion of Heilbroner and Galbraith's essays; they are quite provocative. But should they not have asked

Hayek, Friedman, or Rothbard to write a contrasting article? The dictionary contains three articles on competition (Austrian, classical, and Marxian) and four articles on distribution theories (classical, Keynesian, Marxian, and neoclassical). Why not offer opposing views on capitalism, price controls, the gold standard, communism, depression, inflation, development economics, and other controversial areas? Such a comparative approach works well in Sheila C. Dow's *Macroeconomic Thought*. The editors of *The New Palgrave* have made an attempt at fair play by having free-market economists write on some of their favorite topics (e.g., Karen Vaughn on the "invisible hand," Murray Rothbard on "time preference," and Steve Hanke on privatization) but this even-handed approach is not consistently followed.

Still, the benefits of this reference bible far outweigh the disadvantages, even for economists holding a minority position. The vast list of biographies makes it an indispensable research tool. One of the unusual sketches I found interesting was on Augustus M. Kelley, the publisher of many free-market books that have gone out of print (such as Hayek's *Prices and Production*); another was on Robinson Crusoe, the fictional character created by Daniel Defoe and used so frequently in earlier economics textbooks by Menger, Böhm-Bawerk, and Bastiat, among others, to explain the fundamentals of production, labor, time preference, and so on.

Moreover, for anyone who wants to get a rudimentary understanding of the various conflicting theories in economics today, there may be no better source than *The New Palgrave*. In many cases, the topic is addressed by a prominent proponent of the theory. As the editors state, the dictionary's objective is "not to produce a synthesis of current thought, but to provide an opportunity for leading authorities in economics to present accurately and forcefully their own analysis and arguments." Examples include the "quantity theory of money" by Milton Friedman and "input-output analysis" by Wassily Leontief. (But, strangely enough, new classical macroeconomics is written by a critic, MIT's Stanley Fischer. A better choice would have been Robert Lucas.)

Each entry is supposed to be written in a scholarly, comprehensible, and clear fashion. The numerous mathematical expositions are demanding, even on an elementary level, and a difficult challenge in clarity, to say the least. *The New Palgrave* reflects the overwhelming influence of econometrics and mathematics in the economics profession. The journals already assume a basic understanding of the mathematical models, a serious drawback for the student who wants to know the point of the article. Now he can turn to *The New Palgrave* for a short course in the subject. For example, if a journal article refers to "Bayesian inference," you can look it up in the dictionary. This does not necessarily mean that you can fully understand the topic, but it provides a beginning.

Finally, the reason I like *The New Palgrave* so much is that it is an expression of modern economic thinking on almost all subjects. It is a critical

introduction to the wide world of economics that you could not get anywhere else without spending a great deal of time and effort in the library jungle. Here in one location you can learn about new books, articles, topics, people, and theories that you might never discover by pouring through the stacks of libraries throughout the country. And for that we can thank the editors and publishers of *The New Palgrave*.