

*Austrian Economics Newsletter* 14, no. 1 (Spring 1993): 10-11

Economics through the Looking Glass: The Distorted Perspective of the New Palgrave Dictionary of Economics

By Mark Blaug  
Institute of Economic Affairs, 1998

Reviewed by Peter G. Klein

This little pamphlet, number 78 of I.E.A.s Occasional Paper Series, should be required reading for every regular user of the New Palgrave dictionary. Mark Blaug, the distinguished historian of economic thought, read all 4,100 pages and about 4 million words of the massive four-volume set, and reached an unequivocal conclusion: On balance, the *New Palgrave* does not provide a useful, balanced overview of economics, nor is it a particularly effective research tool. Instead it is poorly organized, needlessly technical, and disproportionately devoted to Karl Marx and the obscure Italian-born Cambridge economist Piero Sraffa.

The three New Palgrave editors, the Englishmen John Eatwell, Murray Milgate, and Peter Newman, are all in fact disciples of Sraffa, two of them explicitly so. As Blaug points out, asking three Sraffians to head the project “is roughly equivalent to asking three atheists to edit an encyclopedia of Christianity” (p. 14). And it shows: Marx and Sraffa are indeed quoted much more often than Adam Smith, Marshall, Walras, Friedman, Samuelson, or anyone else of note (p. 15). Marx and Sraffa even figure more prominently than Ricardo and Keynes, who for Sraffians are, respectively, an important precursor and a fellow traveler. The editors avoid confronting the issue of balance by presenting on most subjects several essays, with different titles, many of them admittedly polemics rather than survey pieces. A cross-referencing system is provided, but many users (the present writer, for example) have found it cumbersome and tiring. Furthermore, the editors demand an extremely high level of mathematical competence from the reader. As Blaug recognizes, the kind of formalism predominant in the New Palgrave is a “reveling in technique for technique's sake.” He concludes: “The mind-boggling obscurity of many of the articles is part and parcel of the editors' master plan: Its purpose is to dispel the worry that mainstream economists might otherwise have felt about a dictionary edited by three Sraffians” (p. 17).

*Economics Through the Looking Glass* also includes an admirably readable survey of the Sraffian doctrine itself—namely, that only supply and not demand affects price, and that all production exhibits constant-returns-to-scale technology—along with brief notes on Marx and Keynes, and a summary of Blaug's views on the “Cambridge capital controversy” or “switching debate,” subjects treated more fully in his earlier pamphlet *The Cambridge Revolution: Success or Failure?* (Hobart Paperback no. 6; second edition, London: I.E.A., 1975). There is also a critical chapter on equilibrium theory in general, with surprisingly favorable references to Hayek, Kirzner, and Lavoie on the modern Austrian critique of equilibrium as opposed to process analysis.

None of this, of course, is meant to suggest that there is nothing of value in the *New Palgrave*. It does indeed contain some excellent contributions, as one might expect given its sheer size and the number of contributors. The point is simply that it is not what it pretends to be—a comprehensive, authoritative, and useful guide to the world of economics. It could have been so much more.

Mark Blaug has something of a reputation for intolerance on methodological issues, and this has perhaps prevented some readers of this newsletter from appreciating both the amazing breadth of his knowledge and his gift for turning a phrase. This pamphlet, in particular, is informative and highly readable, and after spending time with it the reader will never look at the *New Palgrave* quite the same way again.