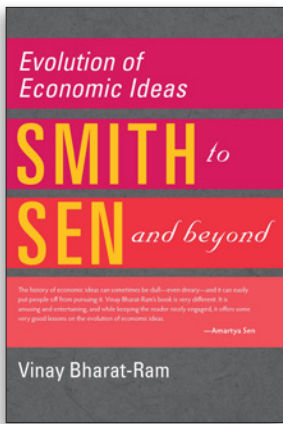


Observing the Great Observers



**EVOLUTION OF ECONOMIC IDEAS:
ADAM SMITH TO AMARTYA SEN AND
BEYOND**

BY VINAY BHARAT-RAM, OXFORD:
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REVIEWED BY AARON STEELMAN

One of the best-selling economics books of all time is Robert Heilbroner's *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers*. More than 4 million copies have been purchased since its original publication in 1953. While his interpretations of certain people's views and of particular events have been questioned by some who consider the book overly ideological, the reason for its appeal is widely shared: It features an unusual combination of ambition (he discussed most of the people you would expect to find, as well as many you wouldn't necessarily anticipate encountering) and readability (Heilbroner was a fine stylist, one of the better writers in the economics profession).

Many people have attempted to follow in Heilbroner's footsteps by writing accessible histories of economic thought. Among them is Vinay Bharat-Ram, chairman of DCM Limited, an Indian-based conglomerate with interests in engineering, information technology, real estate, and textiles. Bharat-Ram has also taught economics at the Indian Institute of Technology in Delhi, and his book *Evolution of Economic Ideas: Adam Smith to Amartya Sen and Beyond* is in large part a product of his classroom experience. "I tried to bring in a little human touch by relating abstract theories to my own business experience; it helped, but only up to a point," he writes. "It then struck me that exploring the lives, times, and social circumstances of the various philosophers who gave rise to the ideas that form the foundation of modern economics would be rewarding."

The book is organized around his interaction with students, in an almost Socratic style, with many chapters inspired by a wide range of questions they raised. As a result, it can at times seem a bit disjointed. But, he argues, there is a common thread running through its pages: Each person discussed "was a keen observer of the social conditions of his time and was deeply concerned about making a material difference to the economic well-being of the individual and the society as a whole."

Some histories of thought include fairly comprehensive

discussions of Scholastic thinkers, such as Thomas Aquinas (for instance, Joseph Schumpeter's monumental *History of Economic Analysis*), while others consider work done during the Renaissance. Bharat-Ram chooses the more conventional route of beginning with Adam Smith, whom he discusses with admiration and tries to rescue from the one-dimensional picture that some people have painted of him. "[M]any in Smith's own lifetime and many in the economics profession today believe that Smith's primary focus in the achievement of prosperity in society was on man's self-interest or selfishness," he writes. "The truth was — especially those who have read his *The Theory of Moral Sentiments* would appreciate this — that Smith's view of man was quite well-rounded. Smith believed that man was quite capable of empathizing with the suffering of others as well as taking upon himself the role of an impartial observer." He dubs Smith "The Great Optimist."

Following his discussion of Smith, he considers those he calls "The Pessimists," in particular, Thomas Malthus and David Ricardo, and then moves on to discuss "The Angry Genius," Karl Marx. His chapter on Marx is one of the better in the book and is followed by a brief but insightful discussion of Marx's critic, Eugen von Böhm-Bawerk, who argued that profit and interest do not simply amount to exploitation of labor, but rather are compensation for risk taken by capitalists.

Bharat-Ram's coverage of the important figures of the first few decades of the 20th century is satisfactory, but the book reaches a relative high point in his discussion of the debate between John Maynard Keynes and F.A. Hayek in the 1930s on business cycles. Bharat-Ram shows a strong interest in development economics and devotes a lengthy chapter to the Saint Lucian economist William Arthur Lewis. He also spends significant time on his countrymen Jagdish Bhagwati and Amartya Sen. Indeed, the book has somewhat of an overall Indian-centric focus, but this is unsurprising given its structure: Naturally, his students would be interested in how the ideas he considers apply to issues they routinely encounter. The book concludes with a short discussion of the 2008 financial crisis and the state of economic theory today.

Bharat-Ram disappoints in his over-reliance on secondary sources, such as Mark Skousen's *The Making of Modern Economics* and Sylvia Nasar's *Grand Pursuit: The Story of Economic Genius*. The book also has a surprising number of typographical errors. But, overall, it is a concise and useful introduction to the history of economic thought, although some readers might feel themselves better served by one of its competitors in that market, such as Todd Buchholz's *New Ideas from Dead Economists*. EF