

# HISTORY OF ECONOMIC IDEAS

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The third part of the book examines the possible developments of central banking after the Great Recession. Overall, the authors argue that the changes to the strategic and operational set-up of central banking would be limited and that they do not require significant institutional changes.

Meanwhile the debate is evolving. One of the authors (Papadia) signed, in November 2019, an open letter to the new President of the ECB, Christine Lagarde: «The ECB must act now on climate change». In the letter it is argued that the most crucial challenge for the European Central Bank in the years to come is to determine how the ECB will act to fight climate change and accelerate the transition towards a carbon-neutral economy: «We cannot wait for years to study the long-term financial risks involved; central banks must use all the tools at their disposal to proactively prevent these risks. In that regard, it is particularly shocking that the ECB – in the name of market neutrality – is still buying assets on a massive scale from companies involved in carbon-intensive and fossil fuel-related industries. If the ECB is truly concerned by climate-related risks, it should recognise that its current monetary policy is part of the problem and is reinforcing a dangerous status quo».

All in all, this book offers unique insights in how central banks coped with the Great Recession.

IVO MAES

National Bank of Belgium and Robert Triffin Chair,  
University of Louvain

MARIO MORRONI, *What is the Truth About the Great Recession and Increasing Inequality?*, Cham, Springer, 2018, pp. x + 204.

WITH its mention to «the truth» about recent economic vicissitudes, the book's title is provocative and debatable. The present reviewer, for one, does not feel one can safely talk about the truth in economics. Luckily, this is not what the book is about.<sup>1</sup> Or rather, since the main text is written in the form of a dialogue, ultimately the author probably wants to suggest that 'the truth' in economics is that economics is an ongoing debate, in which there is a plurality of conflicting views.

Recovering the dialogue form is a great merit of the author precisely because it most effectively conveys this message of pluralism. In the preface, the author recalls Galileo's 1632 *Dialogo sopra i due massimi sistemi del mondo* on astronomy. But dialogues have a long story in social investigation too. One could trace this medium of expression to Socrates (and Plato after him), or more recently to the epistolary debate in Montesquieu's *Persian Letters*, or xx century theatre as a form of reflection on society. As it becomes evident in the author's afterword, Morroni uses this literary form reflexively: he aims not just at discussing the economy, but the state of economics itself.

Interestingly, the author and some colleagues personally use this form of expression for teaching purposes. He has won a teaching award from his university successfully experimenting with student involvement both as actors and writers of theatrical pieces on economic matters. And he has presented and provided short

<sup>1</sup> The volume is an updated translation of an Italian work, which in its title refers to «hidden truths» (my translation), in plural form.

examples of this teaching method in a number of national and international conferences, attracting the attention of historians of economic thought (who may more easily be open to innovation and variety of styles and communication methods) and heterodox economists (who are more likely to be interested in promoting pluralism and debate within economics).

This may also be one of the main uses of the book. Due to their length, probably the single chapters cannot be directly used as scripts for a play, by they surely provide readily adaptable storylines and even some whole reusable fragments of dialogues. The author's aim of providing a didactic text could also be inferred by a useful apparatus of footnotes, references, glossary, index, and a set of suggestions for further readings, which point interested readers to the main economics contributions on the topics discussed by the various characters.

The dialogues' framing is very realistic: Agatha, a UK-based economics professor, and Forrest, a young colleague of hers, are travelling to attend a conference (the ASSA?). Sarah, Forrest's girlfriend, accompanies them: she is a Ph.D. student in anthropology, with pronounced social concerns but no background and virtually no knowledge of economics. Due to bad weather conditions, their flight is grounded until further notice and while waiting at the airport terminal they meet Max, an old friend of Agatha, who now teaches economics in the USA. They greet and recall the good old university days, how Max left to study in the USA and then stayed there. He now likes sailing in a nearby lake since he is a 'freshwater' economist. The joke obviously catches Sarah's attention, and with little else to do, they start a conversation that 'naturally' focuses on the economy and on economics (not just because that's the profession of three out of four characters, but also due to the extraordinary events associated with the crisis and the following troubled years, that provide the setup of the dialogues). Since Sarah does not know jargon and technical references, all characters have to try and talk in an understandable way; yet, since Sarah is a social scientist, she is curious and tries to ask very specific questions.

This combination is quite effective: as the author remarks, today the economics debate is too often inaccessible to the non-specialist, and even among economists, wide debate among people with radically different ideas and perspectives is rare if not impossible.

The book is composed of nine dialogues: on increasing inequality, the economists' failure to predict the global financial crisis (but in an important endnote the author does list some economists who did predict that a possible collapse was forthcoming), fiscal austerity, welfare state retrenchment, the desirable respective roles of state and market, Germany's balance-of-payments surplus and the euro-crisis, the best policies to tackle the crisis, the environmental crisis, and the possible role for industrial policy.

Students and those who do not know much about economics but still feel the economic debate is crucial to social welfare will especially appreciate the book, its innovative dialogue style, and the author's effort to make his characters speak in comprehensible everyday language. Professional economists, on the other hand, may have some points of dissent with the author.

Recurrently in all dialogues Agatha, a self-described social democrat and a Keynesian economist, typically finds support from Forrest, who is politically a green and presumably an ecological economist. As an anthropology student, Sarah has characteristic left leaning preferences too. In the end, Max is the only 'freshwater' voice; moreover, in all dialogues he talks significantly less than the others, he is visibly irritated by having to discuss some basic premises of the dominant economic approach, and he never gets the last word. Invariably he – and by extension mainstream econ-

omics and the political right – emerges as overwhelm in the theoretical debate (and, for the readers, by the information in the footnotes) and he even has a disagreeable character and attitude.

Though a bit stereotypical (but we must consider the didactic aims here) these features of the character are realistic and may have been inspired by the author's observation of several colleagues. However, these narrative choices could lead the reader to suspect that «the truth» that Morroni hints at in the title of the book is that «the Maxes» of our profession are wrong. As a consequence, the dialogues collected here appear as a very effective literary form with the aim of testifying that economics is a lively and plural discipline, but they do not seem an impartial or neutral way of communicating.

As mentioned, teachers who would like to replicate the live performances organized by Morroni in Italy and London will not be advised to literally use every single passage of the dialogues. But with very little adaptation, the dialogues provide a realistic setting, plenty of lines that can be used without any modification, and several narrative expedients that will prove useful in a play, such as passages when characters stop for a coffee, comment on their hobbies and personal experiences, or really interact among themselves rather than just summarizing their own pre-conceived position.

This last point deserves to be underlined. In the afterword (and briefly in one of the dialogues) Morroni comments on how, due to powerful professional incentives, economists do not discuss anymore – especially with those who hold views or apply methods different than their own. Publishing and research evaluation standards heavily distort what science should really be about, and despite the traumatic experience of the worst crisis in a century, there are no visible signs of change (yet?).

Socratically, the question in the title, what is «the truth» in recent economics, is never explicitly answered in the book. The whole work seems rather an invitation to abandon and reframe the question: as opposed to the monologues published on many journals, a dialogue requires different perspectives to alternate in talking, and, crucially, listening.

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MAX WEBER, *Economy and Society: A New Translation*. Edited and Translated by Keith Tribe, Cambridge and London, Harvard University Press, 2019, pp. xi + 504.

IN 1865, Otto Liebmann's rallying cry of «Back to Kant» signaled a deep soul-searching within German philosophy, eventually establishing Neo-Kantianism as a refutation of both the over-idealistic metaphysics that ignored the limitations of human reason, as well as the overly-materialistic metaphysics that placed human nature and ethics to the side.<sup>1</sup> Though this internecine conflict was fought over the legacy of restoring the richness of Kant's Copernican Revolution, it bears many striking parallels to increasingly intensifying internal debates within the economics profession today, though the battle over the soul of economics is against (naïve) positivism and empiricism, rather than materialism. Indeed, there is something poetically just about

<sup>1</sup> COPLESTON 1994-1963, 361.

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