

Title: "On Classical Economics"
Author: Thomas Sowell
Publisher: Yale University Press
Length: 201 pages
Price: \$35.00 (hardback)
Reading time: 5 hours
Reading rating: 8 (1 = very difficult; 10 = very easy)
Overall Rating: 4 (1 = average; 4 = outstanding)

In "On Classical Economics," Thomas Sowell has written a captivating book that describes the seminal thinkers of the classical paradigm, from Adam Smith to Karl Marx, and their contributions to economics as it emerged as an economic discipline. The book provides some fresh insights into the major figures of the classical period—an era roughly from 1776 to 1890—which should appeal to professional economists. At the same time, Sowell's prose is so lucid, that this book should prove illuminating and interesting to non-economists as well, thereby, helping to popularize the field of economic thought.

Thomas Sowell's interpretation of classical economic thought coalesces around the major subdivisions of the discipline—microeconomics and macroeconomics—an approach that allows the reader to more clearly understand and synthesize the development of concepts. Moreover, this method makes the individual contributions of each economist more obvious and better highlights any disagreements among the economic thinkers of that period. Sowell's microeconomic elucidation is somewhat conventional and focuses on the fundamental theories of "diminishing returns," especially as articulated by David Ricardo, and the "labor theory of value."

Thomas Sowell's macroeconomic presentation aptly describes classical economists' central concern with economic growth. However, here the author excels in his presentation of Say's Law and the disagreement it created between its proponents—chief among them, David Ricardo—who did not believe that there could be general overproduction, and those who did believe in general gluts—a disagreement that wouldn't be resolved until 1935 by John Maynard Keynes. Those who believed that there could be general overproduction in an economy—most notably T. R. Malthus, Lauerdale, and Sismondi—held that there was a level of savings and production beyond which declining earnings forced a cutback in spending. Sowell notes that a resolution of the disagreement was not forthcoming at the time because classical economists were mostly preoccupied with growth and not short run production. The author concludes his macroeconomic presentation with an excellent chapter on the macroeconomic analyses of J.C.L. Sismondi, who, as Sowell notes, is an under-appreciated economist.

Thomas Sowell's treatment of the last major figures of the classical period—John Stuart Mill and Karl Marx—is somewhat controversial. While Mill was the preeminent economist of his time, Sowell notes that he (Mill) suffered from a lack of contemporary economists of "comparable stature ... [who could] contest his methods and conclusions." Thus, his reputation has suffered historically. Sowell is even more critical of Mill in the

normative arena because of Mill's ostensible "elitism" as exemplified in *On Liberty*. He wryly writes that the generally acclaimed *On Liberty* "is revered in proportion to its being misunderstood." In the case of Karl Marx, Sowell agrees with many others that Marx was a major historical figure, but he also concurs with Paul Samuelson that as a classical economist, Marx was a "minor post-Ricardian."

Thomas Sowell's insightful monograph should be applauded for its keen insights and masterful presentation. *On classical Economics* is that rare book that is of interest to groups of individuals as diverse as professional economists and people with only a casual interest in the discipline.

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