

*The Grand Pursuit* by Sylvia Nasar

In *The Grand Pursuit: The Story of Economic Genius*, Sylvia Nasar writes a fascinating history that is mostly true and one that taught me much along the way. Nasar, former economics writer for *The New York Times* and now professor of journalism at Columbia University, narrates the rise of modern economic theory since the mid-nineteenth century when Adam Smith, Malthus, and Ricardo (laissez faire economists) reigned supreme and when 9/10s of the English people still lived—as humankind had for millennia—in grinding poverty and near starvation. Dividing her story in three parts—Hope, Fear, and Confidence—she traces the rise in the standard of living in the industrialized world through the productivity of the Industrial Revolution. She focuses her attention on economic theorists’ attempts to understand what is happening economically and to create a theory that will allow human beings to affect macro-economic events positively—or as John Maynard Keynes put it, “the political problem of mankind: how to combine three things: economic efficiency, social justice and individual liberty.”

In Hope, the first section, Nasar takes us from about 1840 to World War I. In Fear, she weaves the tale of the havoc of WW I, the shocks of the Twenties, the rise of Communism in Russia, Fascism in Italy, and Nazism in Germany, and the Great Depression to World War II. In Confidence, she gives account of “a second golden age in the aftermath of WWII.” In all of it, Nasar has a masterful command of history, of the literature of the times, and of the lives of the economists she chooses to treat.

Against the laissez-faire economists Smith, Malthus, and Ricardo, she opposes Alfred Marshall, who thought of economics as a tool for acting effectively in the economic world. He believed, according to Nasar, that from “society’s standpoint, the corporation’s function is to raise productivity and, hence, living standards.” Marshall’s student John Maynard Keynes’ great contribution—still much in contention in the political arena—is the insight that in major depressions monetary policy (controlling interest rates and the money supply) provides insufficient stimulus to the economy and that fiscal policy (through lower taxes and increased government spending) must provide that stimulus.

Nasar writes beautifully, treats most the major economic thinkers and some lesser lights. She includes fascinating detail in the lives of the people she treats. I miss a treatment of the great economic crisis of our times, that of 2008. I miss consideration of Paul Krugman and Joseph Stiglitz. But Nasar gives me hope that economic theory can be a powerful tool for improving our economic lives and achieving, as Keynes put it, “economic efficiency, social justice and individual liberty.”