

entirely neglected this aspect of Keynes's thinking (indeed Davidson's story is far too Keynesian-friendly for my taste). He rightly challenges financial liberalisation as opposed to economic prosperity and stability, and advocates capital control, the International Clearing Union and low interest rates. (On the latter he sees low rates as a goal of policy, but only scratches the surface of the issue, at the very least failing to mention the role of long as well as short rates and of debt-management policy.)

But, again, the theory that serves this policy position is hardly compelling or accessible. He contrasts 'the Classical Efficient Market Theory' (CEMT) with 'Keynes's Liquidity Preference Theory' as two 'theories of financial markets' (p. 90). The former is characterised by the 'mantra' that 'the market knows best'. Whereas Keynes's theory prescribes 'orderliness', a necessity not delivered by free markets. Under laissez-faire, financial markets are riven with uncertainty which leads to misguided decisions and again to abrupt withdrawal of funds from real activity. A more regulated international environment follows: 'If CEMT theory is not applicable to the real world of liquid financial markets, then there can be an important role for governments to maintain stability of domestic and international financial markets' (p. 94).

Davidson advocates a policy position of the most profound importance. But for the layman the theoretical analysis will surely be too off-putting. The orthodox economist may see that under the jargon-laden discussion is a simplistic theory that is hardly compelling. I do not recommend that either constituency buy this book. There is far more to post-Keynesianism and to Keynes than this, and I believe Davidson does disservice to both, as indeed do the commentators and academics who on the back cover have endorsed the work as the greatest thing since the original sliced bread of the *General Theory*.

*Deep History. A Study in Social Evolution and Human Potential*

D Laibman

State University of New York: Albany, 2007

9780791469309, paperback, £25.95

*John Milios*

*National Technical University of Athens, Greece*

The book is a vitally interesting and innovative approach to the theory of social evolution from a Marxist perspective, focusing on capitalism, its logic and limits, as well as the possibilities for its replacement by communism.

The book thus aims at giving the reader an insight into 'the 'deep structure' beneath the 'surface structure' of our daily lives' (p. vii). In this context the author tackles one of the oldest and most heavily debated issues in Marxist theory since Marx's time (see e.g. Marx's correspondence with Vera Zasulitsh in 1881): Is there a 'general law of human historical development'?



The book is structured in three Parts: I. The General Theory of Social Evolution; II. Capitalism: Structure, Logic, Stadiality; III. Beyond Capitalism: An Envisioned Future.

In Part I, the author investigates what may be called the law of historical development on the basis of a Production Forces (PF) and Production Relations (PR) dialectic, which is seen to be characterized by two principles: the 'correspondence principle' and the 'development principle', which together explain the up-to-date 'progress' and stadiality of human history, from primitive communism to slavery, feudalism and capitalism. He also critically discusses different approaches to the historical transformation from feudalism to capitalism, reaffirming the theoretical significance of 'the stadal PF-PR model' which 'focuses on the PRs that in each MP [mode of production] enable further PF development' (p. 63).

In Part II, Laibman dissects the features and processes of capitalist domination and exploitation, to focus on the crisis tendencies interwoven with the dynamics of expanded reproduction of capitalism and the stadiality of the capitalist historical era.

Part III has as its object the process of transecting capitalism and the features of a classless communist society. In this context, special emphasis is given upon the need for a multilevel democratic coordination of the economy and society, on incentives and income distribution in socialism, on the necessity of withering away of all social forms stemming from capitalism: the state, the markets, money. The soviet historical experience (1917-1991) is discussed and evaluated in this theoretical context.

I agree with most of Laibman's arguments and conclusions concerning both his analysis of the multiplicity of factors and contradictions determining the development and crisis of capitalism, and the communist strategy for a classless society. Indeed, I find his analysis in Part II of the book extremely instructive, providing a methodological and theoretical key for overcoming the shortcomings of 'partial' theoretical approaches, such as those deriving from the 'law of the tendential fall of the profit rate' or those stressing consumption barriers to the expansion of capital accumulation.

However, I believe that his redefinition of a general law of historical development, despite his effort to avoid mechanistic simplification common in previous approaches, could be challenged by a different Marxist perspective focusing on class struggle and its aleatory outcomes, i.e. giving priority to social relations in specific social formations, where there may exist not only different modes (and forms) of production, but also structures referring to MPs in dissolution, and therefore a complex class configuration.

As an example, consider the evolution of the Ottoman Empire, which in its early historical stages was dominated by the 'Asiatic MP' of collective organization (economic, political and ideological) of both the ruling class in a despotic state, and the ruled-laboring classes in (village) communities. Historical analysis shows that the dissolution of AMP followed different directions: the



increasing autonomy of Christian Southern Balkan communities from Ottoman state rule led to the indirect subordination of the peasants to commercial capital, the transformation of common property into private property, the formation of a local commercial, ship-owning and manufacturing bourgeoisie and to the final prevalence of capitalist social relations. In other Balkan regions, however, the increasing power of district state officials, along with destabilization and dissolution of communities, led to the formation of feudal social forms. This historical development seems to refute the four-stages-scheme of the 'general law of human development' approach.

*The Wealth of Ideas: a history of economic thought*

A Roncaglia

Cambridge University Press: Cambridge, 2005

0521691877, paperback, £22.99

*Hugh Goodacre*

*University of Westminster*

Roncaglia here delivers a resounding critique of the idea that 'the history of economic thought displays a progressive rise to ever higher levels of understanding of economic reality' so that 'the point of arrival of today's economists... incorporates all previous contributions' (pp. 2, 11). His own specific motivation in undertaking a critique of this approach is to affirm the validity of the 'classical and Sraffian' tradition which has been excised from the intellectual universe of the neo-classical orthodoxy that dominates the economics profession today. This orthodoxy is characterised by precisely such a 'cumulative view', or what others have termed a Whig interpretation of the history of economic thought.

As a central feature of this approach, Roncaglia identifies 'the Schumpeterian distinction between history of analysis and history of thought' (p. ix). In opposition to such a distinction, he argues that the development of the structure of economic analysis cannot be meaningfully assessed in isolation from the history of the changing conceptual foundations on which it is based. In turn, these changing conceptual foundations can only meaningfully be analysed on the basis of an understanding that 'the value of commodities reflects the relations interconnecting the different sectors and social classes within the economy', and that these relations exist within 'a specific mode of production, namely capitalism' (p. 16).

The chapter on Petty sets the work on course to confront its central theme, that 'the theory of value constitutes the 'heart' of economic science' (p. 514). Indeed, a central role is allotted in the work as a whole to Petty, whose work is described as 'a crucial episode of our science, with respect both to