Review of Mark Skousen’s *The Big Three in Economics* first appeared in *Liberty* July, 2009.

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n past reviews of favorite books, I have neglected to mention one of my favorite authors, the ever-prolific Mark Skousen, whose works I have enjoyed immensely. Skousen recently brought out another delightful book: *The Big Three in Economics* (M.E. Sharpe).

This volume nicely complements some of his earlier work, which gives us laymen an historical introduction to economics. Here he focuses on three major economists, Adam Smith, Karl Marx, and John Meynard Keynes, surveying their distinctive economic philosophies with his characteristic clarity and panache.

Skousen rejects the traditional academic view that likens the history of economic thought to a swinging pendulum, with Smith representing the rightward swing, Marx the leftward, and Keynes the enlightened, moderate center. Instead, Skousen suggests a totem pole image of achievement, with Smith at the top, Keynes in the middle, and Marx at the bottom.

Skousen gives lucid and even-handed summaries of each thinker’s major work. For example, he credits Smith with a brilliant refutation of mercantilism, and with his seminal idea that the division of labor drives economic growth, and GDP is the proper measure of a nation’s wealth. However, he notes that Smith’s ideas had their flaws, such as the distinction between so-called productive and unproductive labor, and – most importantly – a usual adherence to the erroneous labor theory of value. Skousen’s treatment of Keynes is equally balanced.

In attention to his extensive discussion of the three central figures, Skousen covers a number of other important economists as well.

My only disappointment concerns Karl Marx. Now, I’m just the layman here, but I was hoping Skousen could explain exactly why Marx is considered a great economist. He was influential, to be sure – Lenin, Stalin, Castro, and Pol Pot saw to that. But what elements of his economic thought have enduring value? His predictions (as Skousen notes) have proven thoroughly wrong, indeed, ludicrous. The core tenet of his economic theory –– the labor theory of value – was as wrong as it was unoriginal. So what made him a great economist?

The three contributions with which Skousen credits him – economic determinism, class analysis, and a stress on “modern” issues such as alienation and income inequality –seem to me either dubious or in any case not the concern of economics as a modern science.

As for economic determinism: no one disputes that economic structures influence other social institutions – family, law, government, religion, and so on. But is it the sole influence? And don’t the other institutions influence the economic ones? All of them causally interact in a chaotic, unpredictable way. Religion influences economics and vice versa; law influences economics and vice versa; religion influences family structure and vice versa; and so on. Endless intertwining feedback loops make talk of ironclad causal historical laws something beyond stupid.

Class analysis? Perhaps I have had to listen to too many PC academic discussions about whether it is “really” gender, or race, or social class that “determines” “consciousness.” But it strikes me that these discussions have proven remarkably sterile when it comes to interpreting literature or understanding science and philosophy (for example). Just how has class analysis improved economics?

Skousen mentions Marx’s discussions of “contemporary” issues such as alienation, greed, income inequality, gender, and the environment. But these issues were discussed long before Marx (who did have a degree in classics, so was familiar with Plato and Aristotle, and was aware of Rousseau’s writings on the environment, Mill’s on feminism, and so on). Where does any of this constitute a contribution to economics as a modern science?

But this is a minor quibble about an excellent and informative book. We all wish we could write as well as Skousen.

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