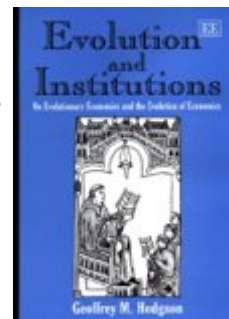


Geoffrey M. Hodgson. *Evolution and Institutions: On Evolutionary Economics and the Evolution of Economics*. Cheltenham, UK and Northampton, Mass: Edward Elgar, 2000. x + 345 pp. \$30.00, cloth, ISBN 978-1-85898-813-9.



Reviewed by Anne Mayhew

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This has been a frustrating book to read and to review. There are passages of great insight and importance intermixed with long passages that are little more than an annotated bibliography of works that have interested Hodgson. A basic source of the problem is revealed by Hodgson when he tells the reader that the book "... synthesizes several essays drafted in the years 1991-95 ... [but] is not essentially a second installment of collected works. An aim has been to recast the essays so that they form a relatively integrated narrative and reveal a common set of motifs." (p. ix)

The reader who is familiar with Hodgson's work over the years since the publication of his very good *Economics and Institutions* will be able to find that loosely integrated narrative and common set of motifs by remembering three ideas that have driven all of Hodgson's work: (1) the importance of biology and the idea of evolution for an understanding of human society; (2) the need for a revitalized and reformed evolutionary/institutional economics that would be built upon the salient features of biological evolutionary theory; and (3) the importance and the difficulty of

achieving this goal in a discipline that does not prize pluralism in thought, and in which status and prestige often override logic and good sense in determining the acceptance of ideas.

It helps in reading the book to begin with proposition (3), and indeed this is where Hodgson begins as he identifies the loss of pluralism that has characterized economic thought in the twentieth century as dangerous to the future of the discipline. However, what will also help the reader is to recognize that the sense of reading a somewhat randomly constructed annotated bibliography derives from Hodgson's own pluralistic approach *and* from his recognition that acceptance for his own heterodox views requires attention to status that can be achieved by association with more acceptable ideas.

Consider, for example, Chapter 3, "A Case Study: The Fate of the Cambridge Capital Controversy." It is not immediately clear why this chapter sits between one ("False Antagonisms and Doomed Reconciliations") in which the effort is to isolate the characteristics of neoclassical economics that are fundamentally antagonistic to an evo-

lutionary approach, and another ("Metaphor and Pluralism in Economics" in which the importance of competing metaphors is described. Nor would it be at all clear to the casual reader why the article about the Cambridge Capital Controversy has as a central focus the frequency of citations to Piero Sraffa's *Production of Commodities by Means of Commodities*, nor why the chapter on metaphor and pluralism is followed by an appendix in which a paid advertisement drafted by Hodgson, Uskali Maki and Deirdre McCloskey and signed by 44 economists is reproduced. All does become clear, however, when it is recognized that Hodgson is, in the case of the Cambridge Capital Controversy, identifying (correctly or not is another question) reasons why Sraffa's argument that there can be no independent measure of capital abstracted from distribution and prices faded from importance and consideration by economists after a flurry of attention from the mid-1970s to the 1980s. Though he finds part of the explanation in the failure of the "constructivist Sraffians" to develop ideas that would have made their approach a more attractive alternative to neoclassical theory, he also finds it in the political climate (radical approaches had appeal in the late 60s and early 70s), and in the citation game. When Sraffa's ideas were taken seriously in a leading US journal, the *Quarterly Journal of Economics*, by high status economists such as Paul Samuelson, the number of citations to Sraffa's work rose rapidly. When the high-status economists lost interest, the citations fell and Sraffa ceased to matter to most.

This is Hodgson's dilemma and the dilemma for the reader. Hodgson has a very clear understanding of the shortcomings of modern economic analysis, and he sees clearly the importance of evolutionary ideas. Yet, it is only by careful mixing of evolutionary ideas with the dominant and high-status, but thoroughly non-evolutionary, neo-classical core that evolution can be incorporated into economics without loss of status. Hodgson understands with great clarity that incorporation

of the idea of evolution into economics means that the whole of economic systems must be understood to be subject to change (as is true in phylogenetic evolutionary theory). Nonetheless, and in confusing manner, he focuses in the last part of the book on work that is, in his own terms, "asymptotic to an ontogenetic form" (Hodgson, 1993, p. 45). That is, Hodgson focuses (and with approval on evolutionary theory that is seriously watered down by being understood to take place within a relatively rigid set of constraints on change) where those rigid constraints are dictated by the need for congruence with neoclassical theory.

The work of Ronald Coase, Oliver Williamson, Edith Penrose, and even in its more phylogenetic and critical manifestations, that of Sydney Winter and Richard Nelson is surely "asymptotic" to an ontogenetic form of evolutionary analysis. By that I mean that "the firm" which is at the center of their analyses is implicitly assumed to be unchanging in many respects, and especially in its place and connections within the larger economic system. This assumption is convenient for analysis but it also avoids the necessity of asking questions that might threaten the status of the investigator in a discipline that, as Hodgson has persuaded us, is anti-pluralistic.

Hodgson's intellectual commitment is to the more radical phylogenetic approaches of such as Thorstein Veblen; his sense of the discipline is that the only way to make such an approach acceptable is by citation and discussion of far less radical ways of offering partially evolutionary analysis. This strategy, never spelled out, makes this collection of essays seem less than cohesive, but if you realize that Hodgson is using a strategy that he has derived from his own study of the evolution of economics, it makes a certain sense.

Because there is a semi-hidden agenda, the book is hard to follow, and readers who are historians of economic thought are also likely to be irritated by assertions that do not seem adequately

supported. To pick a fairly minor example: in the chapter on Sraffa, Hodgson asserts that a low level of citations to *Production of Commodities* for ten years after its publication, was an unusually long lag "given the theoretical significance of the work" (p. 49). Is this a long lag as compared to other works? A more important example to me was Hodgson's treatment of the decline of the "Old Institutionalism" in the interwar period. This is a complicated topic and Hodgson's assertions about a shift in "the prevailing conception of scientific methodology (p. 105)," and the secondary sources that he cites to support his conclusions do not seem adequate to the task.

In spite of my reservations about this work, I do recommend that those who have not read Hodgson's work do so. Start with *Economics and Institutions* and then read more. There is much there that is brilliant, and those who have already read that fine work will find much to enjoy here as well.

References:

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