Mark Blaug and Peter Lloyd (eds), *Famous Figures and Diagrams in Economics* (Edward Elgar, 2010)

Reviewed by Robert Breunig[1]

The fundamental shortcoming of this book is that it is based upon an idea that is simply too good. It is almost inevitable that one is disappointed in the execution. As a graduate student, I was immensely impressed by those professors who could summarise a complicated economic argument with a picture or diagram. To this day, although I find graphs and pictures extremely powerful, I feel much more comfortable expressing my economic intuition algebraically than geometrically. For these reasons, I was very attracted to this book.

I suppose that teaching here at the Australian National University has evolved much like teaching in other places. Although we formally require our entering students to have achieved certain competencies in mathematics, we have little faith in their actually having acquired them and thus eschew the use of algebra in our early-year economics courses. Instead, we opt for graphical analysis, which is supposed to be more intuitive and less demanding on the feeble skills of our students. Pedagogically, I was thus also interested in this book. I do worry, though, that our students' geometry skills might leave them unable to appreciate or fully understand many of the figures that we use.

There are reasons not to like pictures and some of them are pointed out in this book. A picture may be worth a thousand words, but it can distort the truth as well. One of my favourite series of Calvin and Hobbes comic strips has Calvin taking pictures of himself in a cleaned-up room, dressed in a suit and tie, playing baseball, and leading a 'normal' childhood. He explains to Hobbes that a fake photographic record will be useful if he ever decides to be a public figure later in life.

The introduction of this book discusses how algebra is both more precise and more general (p.8) and provides an example (the Law of Diminishing Returns) where the standard textbook exposition in the 1950s was based upon a geometric proof which was, in fact, incorrect. Thus, in economics at least, geometry is more frequently used as an expository device rather than a means of proving results.

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Overall, the book covers a tremendous amount of ground, with 58 separate chapters, each one treating a figure in economics. Contrary to the book's title, many of these figures would hardly qualify as 'famous'. Most of the figures that one might think of are included in the book. One omission is the Kolm triangle, used to describe the allocation between private and public goods in a two-person game. Also, contrary to the book's claim, the authors don't always really seem to be 'experts' with respect to the particular figure being discussed. Over half of the contributors are Australian or Australia-based. It seems hard to believe that expertise in graphical analysis of economics is so concentrated in the antipodes; however, for the Australian reader the local feel of the book is not necessarily unpleasant.

Chapter quality is very uneven. Perhaps that is only to be expected in such a broad work. I most enjoyed those chapters which spent a fair bit of time on the history and development of the figure rather than those which spent a lot of time trying to describe the economics of the figure and its various permutations. Some of the figures were so complicated that they demanded pages and pages of explanation just to understand them. I offer the chapter on 'The theory of the second best and third best' as one that is impenetrable. This figure muddies the waters more than it clarifies them. Reading the book did bring me to the conclusion that simple figures are illuminating but really complicated figures, with lots of lines and labels and vertices, are only interesting as abstract art.

The introduction to the book may be my favourite part. The overview of the role of figures, the anecdotes provided, and the chronology of Appendix 0.1 are all fascinating. The chapters stand alone. Whether one likes any particular chapter or not probably depends a great deal upon taste. It's a bit like reading the newspaper; the more one knows about a story, the less likely one is to be satisfied that it has been treated thoroughly and correctly. My favourite chapters are 'Indifference curves and isoquants', 'Homothetic production and utility functions', 'Backward-bending labour supply curves', 'Reswitching and reversing in capital theory', 'The Edgeworth box', 'The utility-possibility frontier', 'Pareto efficiency', 'The UV or Beveridge Curve', and 'The IS-LM diagram'.

It's fun looking through the references. Joan Robinson appears 18 times across several different chapters: amazing for someone who once wrote a textbook, *Exercises in Economic Analysis*, with no figures, only providing written instructions on how to draw them. Lerner was involved in the development and popularizing of many figures. Unsurprisingly, Hicks and Samuelson pop up a lot, too.

The book does abound with interesting trivia, making it a good fireside flip-through. I learned that the convention of putting quantity on the horizontal axis

came from the German economists Rau and Mangold. Cournot, and other French economists following him, correctly were putting the dependent variable on the vertical axis. Marshall followed the Germans, undoubtedly another important consequence of the never-ending animosities from the Hundred Years' War. Joan Robinson was the first to draw backward-bending supply curves; I would never have guessed that.

The book seems like such a good idea. But I expected something a little bit more interesting than this. Nonetheless, the book is good fun and there is a lot here to enjoy, and plenty of references for those who wish to explore any particular diagram in more depth.