that developed under different institutional conditions than Western "bourgeois" economics and were intended to fundamentally reshape the institutional order.

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Fanny Coulomb, *Economic Theories of War and Peace* (London: Routledge, 2004) pp. viii, 308, $145, ISBN 0-415-28408-2.

Years ago, pure economic theory generally abstracted from space and time. Analysis was not just static, but resolutely ahistorical, and space was confined to one-dimensional points. Theory likewise assumed that all market participants were equally and perfectly well informed. It assumed the existence of rational but un-wily decision-makers maximizing utility and profit. It also assumed that the institutions necessary to make markets function were somehow just "there," and it assumed the whole of the gamut of assumptions we teach our students when we first expose them to the standard perfect competition model in introductory high school and college economics.

To broaden theory's explanatory, predictive, and prescriptive reach, the profession has steadily chipped away at this cartoon version of economics. Gradually, theory came to describe an ever-larger assortment of real-world markets and phenomena. Nobel-prizes were, and are, awarded to those who have broken through major analytical barriers. Theory now is dynamic, it incorporates spatial analysis, it questions the origin, role, and nature of economic, cultural, and political institutions and redesigns them in light of analytical results, it powerfully addresses and deals with information asymmetries, it has discovered strategic behavior in decision making, and has begun to study apparently non-rational behavior.

Yet one assumption still largely eludes the profession's eye, so much so that many hardly realize the assumption even exists. It is that economic actors are generally modeled as agents who resolve conflicts peacefully. By and large economists' standard model assumes that humans produce and exchange voluntarily. Sadly, for much of history, and for much of the world today, we also appropriate and are compelled to "exchange" involuntarily. By that, I do not mean appropriation in the form of taxation by a socially sanctioned state apparatus. I mean conflict, and violent conflict in particular. Violent conflict as in robbery, banditry, rebellion, revolution, terrorism, and outright war. Although some do well out of war, violent conflict carries obvious costs and consequences for the victims, a topic worthy of economists' attention. Why do wars occur, and why is peace seemingly so difficult to obtain and maintain?

Ironically, it is little known and appreciated that economists have in fact a long-standing history in making significant contributions to the analysis of security and peaceful coexistence. Perhaps the most famous pieces of work are John Maynard Keynes's *The Economic Consequences of the Peace* (1919), his take on how to treat Germany after its defeat in World War I, and his contribution to the construction of the Bretton Woods institutions with the closure of World War II. Likewise, Jean Monnet and Robert Schumann applied economic thinking to help them forge the European Coal and Steel Union, precursor to what has become a factious but peaceful European Union. Cross-border investment, the locking up of assets in each others' countries, makes war and mutual invasion rather more costly.

Many other great economists have devoted considerable effort to write about the economics of conflict, war, and peace, often in book-length treatments. One alphabetically listed sample includes Kenneth Arrow, Kenneth Boulding, F. Y. Edgeworth, John Kenneth Galbraith, Jack Hirshleifer, Lawrence Klein, Wassily Leontief, V. I. Lenin, Friedrich List, Karl Marx, Mancur Olson, Vilfredo Pareto, A. C. Pigou, David Ricardo, Lionel Robbins, Joseph Schumpeter, Werner Sombart, Thomas Schelling, Adam Smith, Jan Tinbergen, Thorstein Veblen, and Knut Wicksell. There are, curiously, no "Chicago School" economists *per se* on this list (unless one includes, not unreasonably, Gary Becker's work on crime and punishment) but they surely do not dispute the view that economic development presupposes a peaceful society with well-functioning institutions. Indeed, New Institutional Economics, which owes much to the Chicago School of economic thinking and that, in its widest sense, includes luminaries such as James Buchanan, Ronald Coase, and Douglass North, has made direct contributions to the economic analysis of conflict.

This is the context within which readers might find it of interest to peruse Fanny Coulomb's new book, *Economic Theories of Peace and War.* Coulomb lectures at the University of Grenoble, and in its philosophical approach, outline, and language the book does sport a distinctly French take on things (too heavy-going for a casual read, in other words). The book picks up the story with mercantilists' and physiocrats' views, traces the German historical school, and the classical economists, and follows it all through to modern-day thinkers such as Ken Boulding, Ken Galbraith, Jack Hirshleifer, Ken Arrow, Larry Klein, and Wassily Leontief.

Coulomb's main thesis is that economists, then as now, tend either to the rough pragmatic view that the economy is a generator of resources to build powerful nation-states—essentially a cash-cow and requisite input to power and power projection—or else tend to the more idealistic view that the economy can and does serve to promote peace and peaceful coexistence, especially through the international placement of assets and exchange of goods and services. Of course, this is true only to an approximation as there has been plenty of debate and nuance within each camp. For example, writes Coulomb, "the works of Ricardo, Malthus, and J. S. Mill show that these authors did not subscribe unreservedly to the idea of a future state of universal peace, owing to free trade" (p. 100).

In the nineteenth and early twentieth century, the full-scale emergence of capitalists and capitalist societies, as well as new totalitarian ones, coupled with new developments in analytical and statistical tools to reconsider questions of war and peace in economics. Capitalism's "inherent contradictions," already prefigured by Utopian writers, are mercilessly analyzed by Marx and Engels and those who would follow in their footsteps, spawning a lineage, remnants of which one finds to this day. This line recaptures and recasts the "economy as a tool of power" motif of earlier periods. While most modern economists would question whether this line of thought is still to be considered economics, it most certainly is history of economic thought. Liberal economic theory, at any rate, found it hard to explain the conflagrations of the time. Free international trade, in particular, was rampant before WWI, the Great War, the war that was to end all wars (see Rotte 1997). Consequently, during and following the Great War, an intense debate ensued with contributions from thinkers such as Lenin in Russia, Sombart in Germany, Schumpeter in Austria, Wicksell in Sweden, Veblen in the U.S., and Keynes, Pigou, and Robbins in the UK. The horrid facts of the times imposed an obvious giant question on the profession: what about war in economic analysis? The peacemaking properties of market-based exchange seemed rather more questionable, and the utter catastrophe of WWII served only to relegate much of what was to become modern economics into an insular world of "pure" economics which abstracted (nay, absconded) from the discomfort of the times.

It was not meant as a compliment when MIT's Paul Samuelson, that post-WWII iconic *Wunderkind* of pure economics, once described Harvard's John Kenneth Galbraith as "a non-economist's economist." But the cruel joke was perhaps on Samuelson, the preeminent (p)artisan of the "pure"—and irrelevant. For was earth simply to suffer periodic cataclysms? Was it not already racing toward the nuclear sequel, World War III? Were economists, surely among the greatest, if worldly, of philosophers, simply to give up on the foremost claim of the profession—explaining and helping to achieve universal prosperity—so obviously threatened by universal war?

And so, economics split yet again into its unhelpful and acrimonious "political" and "pure" branches. Yet there arose, both in analytical and in empirical work, an interest to expand the toolkit of the pure to address the questions of the political. The first arms race models were developed, McNamara brought a gaggle of economists to the Pentagon, Klein's macroeconometrics were applied to resource conversion from military to civilian applications, and Leontief's input-output model to the simulated economic effects of worldwide disarmament. Boulding wrote on *Conflict and Defense*, Hirshleifer on conflict success functions, Schelling and game theorists on strategy, Olson and Zeckhauser on alliances, Sandler on terrorism as a form of non-conventional warfare, and Collier on African (un)civil wars. Today, defense (and peace) economics is a small field within the profession. Imagine, peace *and* prosperity might be at hand.

Nonetheless, this most recent period of academic work is not fully treated in Coulomb's book; for that one may consult the pieces in the *Handbook of Defense Economics* (Sandler/Hartley 1995, 2007) and, if I may be forgiven the self-promotion, the research agenda outlined in Fischer and Brauer (2003). Coulomb's book would have benefited from a more assertive English-speaking editor to smooth over the rougher passages of its French accent. But content-wise, as a backgrounder and overview to the history of this neglected aspect of economics, Fanny Coulomb has produced a valuable introduction and resource that many an economist should read, and read seriously.

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