GRAND PURSUIT
The Story of Economic Genius

“Adds an important historical dimension to current debates on the future of the American economy.”
-- Kirkus Reviews

Sylvia Nasar, the author of *A Beautiful Mind*, traces the evolution of an idea that allowed humanity to take control of its economic destiny for the first time in history. In *GRAND PURSUIT: The Story of Economic Genius* (Simon & Schuster; September 00, 2011; $35.00/$39.99 CAN) she portrays the lives and times of the extraordinary men and women who changed economics from “the dismal science” into an instrument of mastery that has profoundly changed the lives of everyone on the planet. Beginning in Dickens’s London, she tells the story of an idea that was first conceived in the Victorian era, was born in the golden age before World War I, was challenged by two world wars, the rise of totalitarian governments, and the Great Depression, and was revived in a second golden age after World War II to create the modern global economy.

The idea that humanity could turn the tables on economic necessity – mastering rather than being enslaved by material circumstances, and escaping brutal poverty – is so new that Jane Austen never entertained it. In the early nineteenth century, the typical Englishman was a farm laborer whose standard of living was not much better than that of a Roman slave, and no one expected his lot to improve. The political philosopher Edmund Burke expressed a universally accepted belief when he wrote in 1756, “nine parts in ten of the whole race of mankind drudge through life.”

But by the second half of the nineteenth century, Austen’s world was being transformed by a remarkable improvement in living standards across all levels of society and the dawning awareness that what had been fixed and frozen through the ages was becoming fluid. “The question was no longer if conditions could change but how much, how fast, and at what cost,” Nasar writes. “It was the sense that the changes were not accidental or a matter of luck, but the result of human intention, will, and knowledge.”

Economic possibilities – as opposed to spiritual, political, or military ones – captured the popular imagination in the Victorian era. Victorian intellectuals were obsessed with economics and a remarkable number aspired to produce a great work in that field. Inspired by advances in the natural sciences, and particularly by Darwin’s discovery of evolution, they began to fashion a tool for investigating the social mechanism that was creating not just unparalleled material wealth, but a wealth of new opportunities.

SYLVIA NASAR
Some of Nasar’s subjects are world famous, others known primarily to historians and economists. She chose them because their temperaments, experiences, and genius led them to ask new questions and propose new answers. All of these brilliant thinkers played key roles in the search for intellectual tools that could help solve what economic giant John Maynard Keynes called “the political problem of mankind: how to combine three things: economic efficiency, social justice and individual liberty.”

Hope: Mr. Sentiment Versus Scrooge

Hope characterized the economic thought of the nineteenth century, when for the first time in human history, production began to rise faster than population. By the 1840s, London was the richest city in the richest country in the newly globalized economy. Yet the British capital was also the scene of extreme economic inequality and appalling poverty. In response, novelist Charles Dickens called for a new economics in A Christmas Carol, journalist Henry Mayhew movingly described the condition of the poor, and philosopher John Stuart Mill responded to labor’s demands for justice. Karl Marx, a chronic procrastinator who lived on handouts from his friend and collaborator Friedrich Engels, showed how competition drove businesses to produce more with the same resources, but wrongly believed that production increases would never be converted into higher wages and living standards.

Alfred Marshall, the father of modern economics, was a shy, self-made Cambridge mathematician who demonstrated that the escape from poverty is incremental, and takes place in the schoolroom as well as in the factory and office. Beatrice Webb, a rich, beautiful, and headstrong heiress, hosted a salon that attracted the most powerful thinkers of her time, including her husband, Sidney Webb, and George Bernard Shaw. A formidable intellect in her own right, Webb invented the idea of the modern welfare state and ultimately sold a young Tory politician named Winston Churchill on it. Meanwhile, in America, Irving Fisher, an eccentric Connecticut Yankee who survived a bout with tuberculosis, identified the banks and the financial markets as the economy’s circulatory system, and saw monetary disturbances as the leading source of economic pathologies.

Fear: War of the Worlds

Fear permeated the catastrophic age of conflict that encompassed the two world wars and the Great Depression of the 1930s, paradoxically the most technologically fertile decade of the century. Having learned that extreme inflation and unemployment are incompatible with the survival of free-market democracies, Nasar’s thinkers searched for ways to eliminate these sources of instability, only to be caught off guard by the Great Depression and forced to look for where they went wrong.

Joseph Schumpeter, an ambitious young upstart with patrician airs from the outskirts of the Austro-Hungarian Empire, married a bohemian English aristocrat and traveled with her to Cairo, where he became convinced that the entrepreneur was Moses leading humanity out of the bondage of poverty. But as Austria’s ill-fated finance minister following World War I, Schumpeter watched as Vienna, once a fabulously rich imperial capital, literally starved to death after its traditional economic lifelines were cut.
Friedrich von Hayek, a young Austrian ex-colonel who arrived in New York during the Roaring Twenties, became the leading skeptic of Fisher’s sunny conviction that economists can accurately forecast the economy or the direction of the stock market, or that government can tame the business cycle. Hayek also became the leading proponent of the view that socialism cannot compete economically with a free market system.

The great John Maynard Keynes – the gay scion of one of England’s leading intellectual families and a charter member of the Bloomsbury literary and artistic set – is at the very center of GRAND PURSUIT. Supremely self-confident and uniquely able to see the interdependent parts of the economy as a whole, Keynes showed that in a modern global economy, faulty interconnections cause things to fall apart. Keynes was a pivotal architect of the Bretton Woods conference, which laid the monetary and financial foundations of the post-World War II period of Western prosperity.

Joan Robinson, the imperious daughter of a British general, enlisted one of Keynes’s former lovers to help her break into his all-male circle of disciples in the early 1930s. Radicalized by Britain’s economic failures and evident Soviet successes, Robinson produced a brilliant book showing that competition does not always produce the best of all possible worlds, and turned to the communist world for solutions to poverty and war.

Confidence: Nothing to Fear

Confidence returned in the second half of the twentieth century, when it became accepted wisdom that once policy makers had eaten from the tree of economic knowledge, and discovered ways of putting that knowledge to use, there was no going back. Even libertarians like Hayek took it for granted that governments were responsible for maintaining full employment and that reviving the world economy, including Germany, as well as keeping the peace required international cooperation.

American economist Milton Friedman, a young Keynesian who was rescued from unemployment by the New Deal, came to Washington at the start of World War II to work at the U.S. Treasury. Unbeknownst to Friedman or Keynes, however, the two top Keynesians in the government were working on behalf of Stalin as well as FDR. Another Nobel Prize-winning American economist, Paul Samuelson, lost his proverbial shirt at the age of sixteen in the 1929 stock market crash. His first major prediction as a natty young MIT professor – that the U.S. would slip into another depression when World War II ended – was spectacularly wrong. But a textbook that inspired William F. Buckley’s brilliant anti-collectivist tract, God and Man at Yale, turned Samuelson into America’s unofficial chief economist, as well as a very rich man.

Growing up in pre-partition India in a time of war, famine, and genocidal violence, Amartya Sen eventually wound up as one of Joan Robinson’s young Third World disciples in Cambridge. But he rejected Robinson’s view that poor nations have no business worrying about ethics, and that Mao’s China was the model that India must follow. Overturning the conventional view that famines result from acts of nature, Sen held that it is not what nations have, but what they do with what they have, that
determines their economic destiny. Sen also challenged the accepted wisdom that economic development is about amassing capital and steering clear of the imperialist West.

Enthralling and accessible, **GRAND PURSUIT** is a journey of discovery that charts one of the most radical breakthroughs of all time – an idea that has transformed societies around the world, and whose influence is continues to spread.

**ABOUT THE AUTHOR:**
**Sylvia Nasar** is the author of the national bestseller *A Beautiful Mind*, which won the National Book Critics Circle Award for biography and was the basis for the Academy Award-winning film. A former economics correspondent for *The New York Times*, she is the John S. and James L. Knight Professor at the Columbia University Graduate School of Journalism. She lives in Tarrytown, New York.

**ABOUT THE BOOK:**
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To learn more about Sylvia Nasar, visit [www.sylvianasar.com](http://www.sylvianasar.com)
“*A Beautiful Mind* tells a moving story and offers a remarkable look into the arcane world of mathematics and the tragedy of madness.”


“[Sylvia Nasar] has written a biography of Nash that reads like a fine novel.”


“A fascinating overview of [Nash’s] life and the intellectual history of his times . . . a wonderfully absorbing puzzle.”


“*[A Beautiful Mind]* might be compared to a Rembrandt portrait, filled with somber shadows and radiant light effects . . . superbly written and eminently fascinating . . . simply a beautiful book.”

-- Marcia Bartusiak, *The Boston Globe*

“After suffering with Mr. Nash’s family through his madness, the reader greets his recovery – and his ability to re-forge a bond with his wife – as a triumph. . . . *A Beautiful Mind* is one of the few scientific biographies I have encountered that could plausibly be described as a three-handkerchief read.”

-- Charles C. Mann, *The Wall Street Journal*

“This dense, carefully researched work is also, unexpectedly, a poetical love and coming-of-age story.”

-- Ted Anton, *The Chicago Tribune*