

raising of wages by trade-unions, other prices would have to be raised also; but to offset the lowering of wages by industrial monopoly (and monopsony), other prices would have to be lowered. Thus monetary policy is actually on the horns of the dilemma, since no price-level policy can satisfy both requirements.

The remaining chapters on the "Indifference Field of Monetary Equilibrium" and on "Monetary Equilibrium" are rich in content, but they must be explored at first hand.

Myrdal's treatise is marred by two blemishes which, however, do not interfere with the successful prosecution of the theoretical plan. His strictures against "the quantity theory" (pp. 5, 12, 14, 18, 22, 124) miscarry. As Marget has so amply demonstrated, velocity is not necessarily "regarded as a constant" in modern forms of the equation of exchange. If such variables as savings and investment influence prices, appropriate symbols in the equation of exchange can take account of their operation; and, furthermore, the price index can be weighted in any appropriate fashion, including Myrdal's own system. Second, in view of the demise of the Austrian "period of production," despite Hicks's recent attempt at reconstruction, this concept (pp. 26, 33, 169) might well have been avoided.

HOWARD S. ELLIS

University of California
reviewed by

Journal of Political Economy June,
1940

Oskar Morgenstern
L'Utilité marginale de C. Menger à J.-B. Clark: conférences faites à l'école pratique des hautes études en 1931-1932. By GAËTAN PIROU.
2d ed. Paris: Les Editions Domat-Montchrestien, 1938. Pp. 323.
Fr. 85.

The development of economics in different countries is intimately linked to the differences in teaching which are to be accounted for largely on historical grounds. In France a surprising number of chairs for the instruction in *doctrines économiques* has contributed to the fact that histories of doctrines have received wide attention. These histories, however, have been largely concerned with the general social and political ideas and with the personal ideals of the writers of the various periods. In favor of this treatment of thought which is frequently noneconomic, systematic work in the field of theory has to a considerable extent been neglected in France. This is rather surprising since there have undoubtedly been Frenchmen among the very best of economists (Cournot, Dupuit, Walras!), and since generally the

French intellect—if one may be allowed to form a sweeping judgment—seems to be well adapted to abstract and exact reasoning, indeed in a special way so, because the Gallic sense for reality would check vagueness of exposition and the allure of perilously long chains of deductions, now so prevalent in the England which was formerly Marshall's. Hence, Professor Pirou's work, dealing exclusively with the history of recent theory, departs considerably in scope and purpose from the standard of comparable French books. Professor Pirou is very much devoted to the study of theory, and I know of hardly another contemporary author who has examined the views of present and past writers as carefully as he has done. This book proves this fact as did the previous ones which were dedicated to minute analysis of Walras and Pareto and—in several volumes—of contemporary American economics. The present volume, like the earlier ones, comprises lectures, and no attempt was made to change the exposition of the different theories in the sense of concentration and abbreviation. The detailed, even leisurely way in which the views of Menger, Böhm-Bawerk, Wieser, etc., are represented is no doubt excellent procedure for lecturing since it excludes superficiality and the fatal hurry to "cover" a certain ground; but in a written work the many repetitions are likely to be found rather tiresome. This is especially true in those cases where the different economists hold theories of very similar character.

Almost two-thirds of the book is devoted to the teachings of the three principal Austrian writers. From the generous space allotted to them we are not surprised to find a very detailed and as it happens exact treatment not only of the broad outlines of their theories but even of their differences, for example, in regard to the theory of imputation and of total value. The exposition also embraces the theories of production and—in less detail—of money where at least the question of the value of money is raised. The theory of prices rather recedes into the background, but this is not entirely the fault of Pirou, who expressly regrets the sketchy nature, notably of Menger's price theory. However, Pirou makes the interesting point that Menger never assigned to competition the possibly exaggerated position which it obtains, for example, in the Lausanne system. In fact, Menger, like other Austrians, was rather concerned with conditions of monopoly, precisely the conditions where classical value theory must needs break down most obviously and where the newcomers could show the superiority of their different approach. The smaller emphasis on competition explains, perhaps, to some extent the circumstance that at

a later date the theory of monopolistic competition was not greeted in Austria with the almost enthusiastic acclaim it met in other countries. Menger and Wieser are treated in much greater detail than Böhm-Bawerk. Besides, considerable attention is given to J. B. Clark, Carver, Fisher, Fetter, and Seligman.

The American authors are dealt with unevenly. In this the very interesting fact reveals itself again that the esteem enjoyed by economists in their own country does not correspond closely to the impression critics in other countries have of their relative importance. While J. B. Clark is dealt with sufficiently, it seems that Carver has drawn more attention than Irving Fisher although the Yale economist undoubtedly has worked in a much wider field and has made some truly significant contributions. Seligman and Fetter are placed together under the heading "Social Marginal Utility." Seligman's unhappy "social value" notions, however, do not give a basis to, nor are they required for, Fetter's program of welfare economics which, on the contrary, can and should be conceived of as free from such doubtful concepts. Besides, in the field of value theory proper, Fetter's contributions are decidedly of a character superior to those of Seligman, whose work centered around quite different problems. Of the critics of marginal utility the institutionalists are examined as representing American criticism, and Hobson as a British attempt to oust marginal utility from the saddle. It should be mentioned in this connection that Professor Pirou has published some earlier volumes which deal extensively with other, more recent American writers; in these books a great number of writers are treated in the detailed and careful manner of the present volume.

A certain incongruity, however, requires mentioning, although this should not be considered a very serious criticism. It seems to unbalance the writing of a history of doctrines to some extent if a school's economic thought in its early form is contrasted with criticism which is of a much more recent date, after the school itself has undergone considerable change, some of it no doubt evoked by the criticism—change so considerable that the criticism can now be disposed of quite easily. Professor Pirou appears to be quite aware of this somewhat paradoxical situation and, in the Preface to the present book, he promises to publish further lectures which will deal with precisely these developments. While we look forward to them eagerly, we must felicitate the learned institutions of France upon this indication that the teaching

of the history of economic thought is carried out there with such scholarly objectiveness and thoroughness.

Princeton University

OSKAR MORGENSTERN

Des crises générales et périodiques de surproduction, Vol. I: *Le Phénomène*; Vol. II: *Causes et remèdes*. By JEAN LESCURE. 5th ed. Paris: Les Editions Domat-Montchrestien, 1938. Pp. xvi+702. Fr. 100 for the two volumes.

This is the fifth edition of a book which since 1906 has occupied a leading place among the standard works on business cycles. The new edition is thoroughly revised and brought up to date. It consists of two volumes. The first volume is titled *The Phenomenon* and gives an exhaustive historical account of business cycles and a systematic description of the main features of the business cycle as established from historical experience. The second volume is titled *Causes and Remedies*. It consists of a critical survey of the various theories of the business cycle and of the problems of business-cycle policy.

The most valuable parts of the book are its historical and descriptive sections. Professor Lescure appears here as one of the outstanding experts on the history of business cycles. He begins his story with a crisis of 1810. The description of each cycle is centered around its most dramatic phase, namely, the crisis. Thus, under the heading of the date of the crisis, the reader finds a description of the preceding upswing as well as of the depression which follows. The historical survey covers mainly Great Britain, France, the United States, and Germany. The history includes an exhaustive account of the world-depression of 1929 (80 pp.) and of the upswing since 1933 (33 pp.). The historical section is illustrated with well-chosen statistics and provides a useful source of information and reference.

The systematic description of the business cycle stresses the different roles of the various industries. On the basis of vast historical material, Professor Lescure shows the dominant role of the investment-goods industries and of transportation in the business cycle. He takes care to point out that the textile industry follows only imperfectly the pattern of the business cycle, as is also the case with most consumption-goods industries. Transport (railroads, streetcars, and shipping) and construction are the industries which have absorbed the major part of the supply of capital in the nineteenth and the twentieth centuries. Next to them are the iron and steel industry and mining.