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tation with the problem of valuing. This may prove disappointing to serious students, who are (in the author's words) "full of curiosity and energy, skeptical, able, and concerned." Increasingly today's students are demanding that economics, along with other social sciences, provide insight and analytical skills that are immediately relevant and operationally useful in seeking out solutions to real socio-economic problems, like poverty and urban decay. They are impatient with the familiar position reiterated (pp. 595f.) by Tarshis: "Luckily for the economist, the boundaries of his subject are such that these [value] questions are left to others . . . [His] concern must be to serve neither as an apologist for nor as a critic of 'the system'; these are different roles to be played perhaps by a lawyer, or a politician, or a journalist." Idealistically, today's students look to economics and social science if not for answers then for methods of finding answers, based on disciplined reasoning and hard evidence, in place of unsatisfactory methods and economic-policy judgments of the lawyers, politicians, and journalists.

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Growth and the Economy: Principles of Economics. By DAVID MCCORD WRIGHT. New York: Charles Scribner's Sons, 1954. Pp. xii, 398. Paper, $5.25.

Professor Wright's Principles text is less than half the length of the heavy volumes which dominate the market. Brevity has been achieved not only at the expense of much historical and institutional information but also at the sacrifice of much of the principles of economic analysis generally demanded of students in introductory courses nowadays. For this reason the book can hardly serve for the standard two-term course. It does not provide the hard theoretical skeleton which could be fleshed out with supplementary readings.

The book is extremely uneven both with regard to quality of analysis and of style. Its theme, from the first chapter to the last, is that "growth comes through change and causes change. As output expands, the pattern of wants constantly changes, and also the pattern of production." In expounding his views on the prerequisites for maintaining a social system's capacity to generate growth and adapt to change the author is often interesting as well as provocative and sometimes eloquent. But the presentation of standard static price theory (Chs. 6-11) and of income-expenditure theory (Chs. 19, 20) is perfunctory. Here the theme of ever-ongoing change takes the form of repetitive reminders that the propositions derived are "theoretical" and that the *ceteris paribus* assumptions seldom hold. In addition, the author is satisfied with giving only a "general idea" of many important concepts and functional relationships. As a consequence, the student can hardly help but be left with the feeling that in economic analysis "anything may happen."

Production methods must change with growth "for there is (a) technical expression, 'the law of diminishing returns,' which says that in an unchanged technical environment growth becomes progressively more difficult" (p. 10). The proposition that "the pattern of want will change as output changes," the author seeks to base on differences in the price elasticities of demand for

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different goods, while openly admitting that the argument "violates the *ceteris paribus* assumption of the individual demand curve" (p. 69). Getting into immediate difficulties, he then leaves the student to his own devices: "a very little imagination will show that some consumption experts, or market analysts, will use three-dimensional calculations of income, price, and sales change, but we do not enter on such complications here." In this case, the student's imagination has little to work with since the book does not introduce him to indifference curve analysis. The first three parts (143 pages) contain many other exceedingly loose formulations, e.g., on the Law of Variable Proportions (pp. 79-80), on the relationships between Marginal and Average Product (p. 81) and between Supply Curves and Cost Curves (pp. 87-88), and on the definition of the Marginal Efficiency of Capital (p. 105). There are few diagrams and algebra is shunned altogether. In its stead, the term "proportional" does heavy duty, being used to denote equality of ratios (p. 62), elasticity (p. 66), and partial derivative (p. 80).

The five chapters on National Income Measurements and Money, Banking and Credit Control generally do a creditable job within the short space allotted, although the first of them confuses matters by twice referring to the basic accounting convention as the "equality of prices and incomes." The pride of place given to the idea of ever-ongoing change next dictates that business cycle theories be discussed before the student has been introduced to the theory of income determination. In Chapter 17, Professor Wright has his heart in the work—it deals exclusively with "over-investment" and is probably the best in the book. Remaining cycle-theories are given one chapter and here the author has to discuss the interaction of multiplier and accelerator while the reader has two chapters to go before encountering the explanation of the multiplier. Even one who shares some of the author's skepticism of the simple income-expenditure model must find his 27-page sketch entirely too cursory. From the proposition that "we have full employment when the 'inducement to invest' and the 'propensity to consume,' taken together, add up to full employment" (p. 222), the student is taken post-haste to the implicit advice to forget the whole thing: in the real world, the multiplier "is almost wholly unpredictable"; the marginal propensity to consume "might rise or it might fall" (p. 241).

The 100-page Part IV has three chapters on International Economics, two on Government and Business, two on Unions, and one on Comparative Systems. The first five of these, in particular, are generally well written, but annoying signs of questionable craftsmanship continue to occur. (Why does the Bibliography advise the student interested in International Finance and Trade Policy to consult *International Economic Papers*, 1951 to date?) In the concluding chapter on Stabilization Policy, a variety of policy measures to combat inflation or deflation is catalogued, but there are arguments both for and against all of them, and the discussion is totally inconclusive. Three times within as many pages (pp. 354-56), the author promises to come back to a fuller appraisal later, but, in fact, the issues in question never reappear.

Teachers of introductory courses have to struggle with the tendency of many students to quit when they "feel" they understand the readings "in a

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general sort of way." In this struggle, Professor Wright has all too often taken the side of the students.

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Price and Allocation Theory; Income and Employment Theory; Related Empirical Studies: History of Economic Thought

Industrial Production Models—A Theoretical Study. By SVEN DANØ. New York: Springer-Verlag, 1966. Pp. viii, 220. $9.75.

The development of mathematical programming in the postwar period exercised a strong influence on the theory of production. For the first time, systematic treatment of cases involving discontinuous factor substitution became possible, and the way was opened for reinterpretation of the traditional neoclassical model. Extensive discussion in the literature has made the new themes familiar, but Professor Danø's excellent book is the first text to provide a really comprehensive and integrated exposition of the separate strands of thought on production models. By examining the formal properties of the leading types of production functions used in microeconomic theory, and contrasting the differences among them, Danø is able to give valuable perspective to the field. What emerges is a clear statement of how the older marginal analysis of the firm compares with that of linear programming, and how the modern Kuhn-Tucker generalization of marginalism relates to both these basic cases.

Because mathematical interest is on constrained systems, coverage of the book is limited to short-run analysis. The standard setting envisioned for production is a given manufacturing plant in which variable factors cooperate with fixed capital equipment. All the models considered are timeless, or monoperiodic, and no attempt is made to deal with the problems of investment, replacement, production scheduling, inventory management, or similar difficulties associated with the operation of an ongoing productive unit. Still further simplification is obtained by assuming the existence of a competitive universe; each firm is taken to be a short-run profit maximizer shaping its actions in the light of specified market prices for inputs and outputs. Of course, this specialized framework is adopted merely as a matter of convenience, and has good justification. The book's primary purpose is to explain alternate formulations of the production function, not provide a full-fledged theory of the firm. Thus, the derivation of optimality conditions for firms facing different market structures and following complex behavioral patterns can legitimately be left to the reader.

Within the limits imposed by assumptions, the discussion shows sensitivity in relating the various abstract models to the actual circumstances of production. There is no tendency to deal lightly with fundamental concepts and definitions, and then hurry on to the purely formal development of the models. Rather, a nice balance exists between economic interpretation and mathematical exposition. At times, one might wish for somewhat more information on

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