

businessmen who would see themselves as others see us.

The basic feature of our economy, Dr. Salvadori says, is identical with that of our political system—freedom under law. The two are so inseparably intertwined that one cannot exist without the other. Herein lies the problem of the new nations. Natural resources are not enough. Unless private ownership of property is established and protected by law, and unless the individual is permitted to develop his particular talents in the manner which he believes to be most effective, there will be no entrepreneurial class, no private initiative.

The keys to our phenomenal success is found in the realm of the spirit. Progress is a function of the inventiveness of which men are capable when free. Not our mines, not our forests, not the richness of our prairie soil, but that sublime galaxy of free institutions which were locked into our Constitution and our system of law by our Founding Fathers held the secret of our economic expansion.

Because liberty is the central element of our society, our brand of capitalism must inevitably excel all forms of collectivism and centralized economies. That what we have is properly termed "People's Capitalism" is beyond question. Every American has some part in it, sharing in its rewards, but also sharing the responsibilities for its failures. Large corporations today have as many stockholders as workers, and every citizen, whether he knows it or not, participates in policy-forming.

Our economy is guided and controlled by an infinite multiplicity of daily choices and decisions. If the people decide not to buy, no corporation is powerful enough to stand against their will; if by ballot or by purchase they vote against either a product or an idea, change is certain.

We must, however, humbly concede that our system is far from perfect. What worldly institution is, or ever will be? Yet Dr. Salvadori believes that our economy has its own series of built-in correctives. He describes the reform of capitalism which has taken place in our country, and to this I can bear witness. I've seen and applauded the changes.

The greatest of these, and the one which to my mind holds our highest hope for the future, is the inspiring sense of social responsibility which is sweeping through American industry in this generation. The tragedy of our times is bringing home to businessmen everywhere a new awareness of those very values of freedom of which Dr. Salvadori writes so eloquently, and a new determination to preserve them.



Joseph Dorfman—From 1776 to 1933.

II. The Philosophers

By David M. Potter

JOSEPH DORFMAN'S fourth and fifth volumes of "The Economic Mind in American Civilization, 1918-1933" complete a major scholarly enterprise. Twenty-five years ago, just after finishing his book on Thorstein Veblen, Professor Dorfman undertook a detailed and comprehensive history of economic thought in America. In 1946 this project bore its first fruit with the publication of two volumes carrying the story to the end of the Civil War. In 1949 a third volume covered the span to the end of World War I. At that time Mr. Dorfman promised a sequel volume carrying the account "nearer to our own day, possibly to the beginning of World War II." But the constantly increasing quantity of economic writing makes each one of the last four decades harder to handle than whole centuries of earlier time, and it has therefore taken Mr. Dorfman two additional volumes to cover the fifteen years from 1918 to 1933. With the inauguration of the New Deal, he now writes *finis* to his study.

Dorfman's work is, in certain respects, a landmark. Perhaps no other branch of American thought—philosophy, political theory, legal thought, or social thought—has received a comparably full historical treatment. From beginning to end, all five volumes are written with comprehensive detail, great learning, and high scholarly integrity.

Such qualities impart a lasting value to the work, and yet, ironically, they have conspired to prevent the author from giving us a broad interpretation of economic thought as a whole. The cumulative progression of the subject does not unfold before the

reader, and at the end one is left with a richness of information about a profusion of eminent economists, rather than with a grasp of the origin and development of vital ideas.

The treatment in the current volumes, as in previous ones, takes the form of a series of discussions of important economic thinkers, grouped according to their field of interest, or their school of economics. These discussions are, for the most part, brief and somewhat encyclopedic. Often they are preponderantly devoted to an uncritical, factual recital, setting forth the theories of the economist in question. These abstracts are frequently followed by extremely curt interpretive summaries, seldom more than a few lines in length, in which Mr. Dorfman indicates the writer's place in a broader context and suggests his larger significance. These passages tantalize the reader by showing how much more illumination the author could have provided.

This same academic integrity is carried to a perverse extreme in Mr. Dorfman's decision to "stop in 1933, out of a deep respect for one of the soundest canons of the historian: namely that the passage of time is needed for perspective and the fullness of available data for adequate description." Granted the validity of the canon, what this means in effect is that the author terminates his *opus* with a two-volume account of a fifteen-year period which ended twenty-six years ago. Moreover, it ended three years before J. M. Keynes published his "General Theory of Employment, Interest, and Money."

To these complaints, others might be added: for one thing, with the modern development of economics as a social science, economic thought has become increasingly advanced, mathematical, esoteric, and unintelligible to the layman. As it does so, the significance of given economists becomes harder to explain in simple terms, and the levels of explanation for the economist and the noneconomist diverge more and more. Mr. Dorfman's summaries are, in many cases, too advanced for the laymen but perhaps not analytical enough for the economist. Another difficulty is that where efforts are made to relate economic thought to other branches of thought, the results are sometimes disappointing. The discussions of Sigmund Freud and of Justice Holmes, for instance, illuminate neither the over-all significance of these men nor the influence of their ideas upon economic thought.

In sum, a reader would hope to find in such a work as this a focus upon the central themes which have run through American economic thought,

a dissecting-out of the underlying premises and attitudes which have pervaded it all, and a sense of the cumulative progression of the subject through a sequence of economic thinkers. He would hope to find constantly an exposition of the interplay between changing social conditions and economic ideas. He does find enough of these things to give him the frustrating conviction that Mr. Dorfman might have provided them in fuller measure.

Still, if this is not an interpretation which sets up insights and overviews, it nevertheless occupies a unique place as the source to which readers must go to work out insights and overviews of their own. No other history of economic thought offers anything approaching the fullness which this treatise provides.

For instance, the seven pages on Isaac M. Rubinow serve not only to save from oblivion the memory of an important economist, but also to show how thoroughly the idea of social security had been worked out before the question of social security ever became a national issue. Throughout these two volumes, in fact, one reads a story of changes in economic thought which foreshadowed important changes in economic policy: the regulation of security markets; the doctrine of overproduction, underconsumption and underspending, and with it the concomitant theory of pump-priming; the belief in political intervention to steady the economy, by public works, by deficit finance, and by the use of monetary and credit controls—all of these developed as ideas during the Harding-Coolidge-Hoover era before they became policies in the era of the New Deal. If Mr. Dorfman's comments do not underscore these relationships, his facts document them to the hilt. For the ends of scholarship, he has done it the hard way, but perhaps the more enduring one.



—W. Ziemazcki.

Mario Einaudi—From 1933 to 1953.

III. The New Deal

By D. W. Brogan

IT IS evident that Professor Einaudi has had two different aims in *"The Roosevelt Revolution."* But whereas double vision spoils most books, it adds greatly to the merits of this one and makes it one of the most intelligent and most useful surveys of the epoch of FDR (and of HST) that have been published. The title was used a quarter of a century ago by Ernest K. Lindley in one of the best books produced by the onrush of the New Deal, but Professor Einaudi and Mr. Lindley are not only separated by the changed perspective of a quarter of a century, they have different primary markets in mind. Mr. Lindley was concerned to show to the bewildered American public of 1934 what was happening to them; Professor Einaudi looks backward over that quarter of a century and tells what has happened. Then Mr. Lindley had his own countrymen in mind, while it is evident that Professor Einaudi writes, in part, for a European audience.

He is concerned to show to the dogmatic, class-conscious, supercilious, and ignorant European intellectual that many things, important things, good things happened in the United States roughly between 1933 and 1953 (there is no necessary implication that they have ceased happening). That this should be necessary may surprise Americans, but few things could work more for the health not only of NATO but of all the Western world than an acceptance of the fact that the picture drawn by a now quite old tradition is false. Mr. Aneurin Bevan has told us how his picture of America was deeply colored by reading Jack London's *"Iron Heel"* (so was mine), and there have been comparable traumatic experiences for a great many leaders of public opinion in Europe.

Then the success of the American economy is an affront to European Socialists, so attention is devoted to the spots in the sun, at the moment to unemployment for instance. Professor Einaudi's chronology does not permit him to deal with it, but the execution of the Rosenbergs recalled Sacco and Vanzetti, not to speak of the Chicago anarchists, to millions of class-conscious Europeans.

Professor Einaudi tells them to "come off it." He recalls to their forgetful minds the immense extension of liberty (not just for the intellectuals, for all people, even the Negroes), the immensely wider and more egalitarian distribution of economic goods, the humanization of

American society, the creation of a much more perfect union than existed in 1933 or during the Harding-Coolidge boom. Again and again I found myself saying "how right," even though some of the more absurd examples of European resentful left-wing snobbery are Continental rather than British. I can only hope that this book is translated, read, and digested in France, Italy, Germany.

But what is its utility for Americans? Partly the utility of showing how the picture of America is distorted abroad; that itself is something worth learning. But it has a much greater value than that. For Professor Einaudi recalls to Americans much that they have forgotten: the debacle of business leadership; the calling into public service of young, hopeful, boundlessly enterprising men and women. The fresh air of hope that marked the early New Deal has never been better conveyed. The institutional changes are clearly and lucidly described, and few will not gain by having their memories refreshed. But some readers may, with some justice, assert that too golden a picture has been painted. NRA was not a Fascist device but it was not a very effective device. FDR was a political genius and a bold administrator, but he was not a model administrator, and some of his handling of issues—like the budget scares of 1937-1938—could have been more harshly viewed. Even the history of the TVA was not as idyllic as is here suggested. The firm leadership of the first term was not so evident in the second. But in dealing with the war terms, Professor Einaudi rightly points out that Roosevelt did not put the New Deal in permanent cold storage and, as the war came to an end, was pondering the domestic problems in a fresh and liberal spirit.

In only one section do I think that Professor Einaudi's zeal leads him astray. He calls the Court plan "ingenuous." Surely it suffered from being disingenuous and might have succeeded if FDR had fought for it openly from the beginning. Then there seems to me some discrepancy in the two accounts of the "Roberts switch." It is one thing to assert that the Supreme Court was getting ready to follow the election returns, another to imply, as is done in one place, that it followed the introduction of the Court bill and surrendered to avert worse things. There are a few minor errors (Manchester, New Hampshire, is not a village. Is Professor Einaudi thinking of Manchester, Vermont?), but these are trivia, for *"The Roosevelt Revolution"* is a first-class example of narrative, interpretation, and polemic.