

nection the testimony of Frances Perkins, for one, is suspect—but only partially succeeds in proving his point. The fact, for example, that at Harvard F.D.R. took a number of “economics courses,” while of interest, does not prove that he had “gotten a good background” in the subject, most especially as his reputed grades at Harvard suggest that Roosevelt seldom took a really serious interest in anything academic.

But, all criticism aside, it must be admitted that the author makes a rather good case for his contentions. He rightly concludes that F.D.R.’s economic thinking was essentially pragmatic rather than dogmatic although his goals were well defined. Fustfeld makes a splendid case for Roosevelt’s awareness as early as 1919 that “the major problems facing the nation were economic and not political,” while simultaneously he pulls no punches in pointing up F.D.R.’s reluctance as governor to adopt deficit spending in the face of sizable unemployment in 1930 and 1931 and characterizes the depression relief policy of New York State under him as “drift . . . rather than mastery.” Moreover, the author successfully defends the proposition that F.D.R. was something more than an energizer by submitting evidence that he occasionally read books by economists and took an active role in the discussions of his “brain trust” on matters economic.

It would seem that all that is really left for us to know now is whether F.D.R. really *did* understand Keynes, a question that the book unfortunately does not attempt to answer. The guess of this reviewer, after sifting through Mr. Fustfeld’s painstakingly presented evidence, is that he did not.

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## The Economic Significance of Social Size

By ROBERT J. ALEXANDER

DR. KOHR, an associate professor of economics at the University of Puerto Rico, has written an engaging and interesting book.<sup>1</sup> It is a work with a thesis, which the author sums up in the peroration to one of his chapters as follows:

Social size appears thus once more at the root of things, of the good as well as the bad; of cultural productivity and human wisdom if it is limited,

<sup>1</sup> *The Breakdown of Nations*. By Leopold Kohr. New York: Rinehart & Co., 1957, 244 pp., \$6.

by specialized ignorance and meaningless excellence in social utilitarianism, if it is too big. And again, while historical economic factors such as great leaders, national traditions, or the mode of production may explain a great deal, the theory of size seems to explain more.

Perhaps Professor Kohr's discussion of economic matters is the weakest part of his little book. Yet it should give any economist who reads it pause to think and reflect upon his own ideas and prejudices. For instance, Dr. Kohr analyzes with considerable acumen the American "high standard of living" and comes to the conclusion that much of it is illusory. He points out, quite correctly, that with the increase in the size and power of this country, a great part of the increase in national income does not redound to the benefit of the individual citizen but consists of goods and services to society as a whole which are made necessary by that very increase in the size and power of the nation.

He divides these "social" goods and services into three types, which he calls "power commodities," "density commodities," and "progress commodities." The first of these consists of armaments made necessary by the imperial position of the country. The second consists of "goods such as traffic lights, first-aid equipment, tube services, or replacement goods for losses which would never have occurred in less harassed smaller societies." The third category is made up of "those *unwanted* tie-in products we must acquire along with the *desired* fruit of progress such as license plates or parking space with cars, repair work with television sets, idle standby orchestras, *bogus* printer's type along with the real."

The author thus makes an excellent case for caution in assessing the increase in our standard of living. However, one cannot help but be skeptical of his proposed solution to the problem. It is difficult to agree with his somewhat cavalier dismissal of the economies of large-scale production, or his proposal for limiting both the boundaries of corporations and labor unions to the frontiers of the forty-eight states.

Finally, one cannot help but remember that small states, such as those of Scandinavia, which he uses as proof of the economic advantages of a small economic area over a large one, live in large part from their contacts with the large states. Norway's prosperity stems largely from its merchant marine, serving the large as well as small powers; that of Sweden from its foreign trade in manufactured goods, ores and lumber used by the big states, that of Denmark from its assured market for dairy products in big-state Great Britain.

However, there is one other part of Prof. Kohr's economic argument

worthy of comment—his discussion of customs unions. He is one of the leading experts on this subject and his discussion of the nature and advantages of this kind of union—the only type of unity which he finds acceptable—is worthy of attention.

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## Economic Principles and Economic Analysis

By GEORGE G. SAUSE

THE THIRD EDITION of Professor Brown's book<sup>1</sup> is essentially the same as the first edition. Since that edition was reviewed in this *Journal*<sup>2</sup> with emphasis on economic ideas presented, the present review will consider the usefulness of the book as an elementary college text.

The book is well written, as those familiar with the author would expect it to be. The explanations are thorough, carefully worded, and cover the fundamentals of the discipline. I particularly like his description of the way free enterprise promotes the public welfare, while monopolistic practices detract from it. The discussion of the importance of the quantity of money in determining the price level or the volume of production is pertinent to the current "demand pull" and "cost push" controversy. The material is well organized and the instructor will not find the errors that are present in some hastily written contemporary texts.

Compared with competing texts, which frequently run to eight or nine hundred pages, this five-hundred page volume may seem short. Despite its size, however, the book contains sufficient reading material for a year's course, since descriptive material of an institutional nature has been kept to a minimum and all statistical data and problems have been relegated to the appendix. Use of the appendix in this fashion has left the text unmarred by tables or diagrams—in striking contrast to most modern economics texts. For instructors who wish to make additional reading assignments, there is the supplementary volume of approximately two hundred pages.

Professor Brown concentrates on the "traditional" fields in economics: production, value theory, and distribution. He discusses unemployment

<sup>1</sup> *Basic Principles of Economics and Their Significance for Public Policy*. By Harry Gunnison Brown. Third Edition, Lucas Brothers, Columbia, Mo., 1955, 542 pp., glossary, index. *A Postscript and Questions, being Volume II of Basic Principles of Economics*. By Harry Gunnison Brown. Lucas Brothers, Columbia, Mo., 1955, 71 pp. \$5.85.

<sup>2</sup> G. E. Hoover, "Economic Theory and Public Policy," *Am. J. Econ. Sociol.*, 1 (April 1942), pp. 327-9.