

ECONOMIC SYSTEMS. By Harold G. Moulton, Washington, D. C. The Brookings Institution, 1948.

This pamphlet deals with Free Enterprise, Communism, Socialism, Hybrids, and Regulation Compatible with Private Enterprise. It is Chapter VI of a book on "Controlling Factors in Economic Development," in which the author proposes to analyze forces responsible for economic progress. The volume is to be in two parts; the first dealing with the past, and the second with the future. *Economic Systems* traces the history of free enterprise, which is commonly believed to be *laissez faire*. Moulton states that private enterprise in its entirety never was characteristic of the economy of nations, but there was a degree at least of centralized control and regulation for the purpose of curbing monopoly. However the generally acknowledged system of the nineteenth century

and early twentieth purported to be free-enterprise.

Distinctions between communism and state socialism are clearly set forth in their present day connotations. That increasing government control has brought about hybrid systems, according to Moulton's findings, was not the result of conscious planning by economic theorists or social reformers, but rather a drift as a result of world depression. Applying this to the United States and referring to the New Deal program, real recovery was not achieved and unemployment continued, until World War II. Such reform measures do not get at basic principle of free enterprise, says the author. He goes on to bring out the intended goals of the Roosevelt program were curbing of monopoly and abuse in big business, public ownership supplanting private enterprise in certain fields, the securing of prosperity via increased income of the masses and the lowering of income of the classes, and control of business cycles by monetary policy. However no mention is made of what the "basic principle of private enterprise" really involves.

It is pointed out that our government is not constituted to permit of unified control, and before expounding the author wished to have it clearly understood that at this point he is not concerned with methods for preventing industrial depressions, but only government control of the economic system. The analysis following reaches the conclusion that a controlled economy is incompatible with our governmental system thus effective administration is not possible, as a central national authority with a master plan is required for successful operation.

The remainder of the chapter deals with regulation compatible with private enterprise. It treats of "natural" monopolies and while, of course, divergence of opinion enters here, nevertheless a logical presentation is set forth, concluding that regulation, rather than communism, socialism, or hybrid systems of control will insure individual liberty. The third choice here appears to be between modified totalitarianism and unrestricted free-enterprise. This is another instance where the complete phrase "*Laissez faire, laissez aller*", "Clear the ways and let things alone!" has been overlooked. However, I am left with a desire to pursue further the author's treatment of the subject, especially Chapter X of the larger work, "Can Depressions be Prevented?" in order that I might compare this with the treatment given by others.

—JOHN T. TETLEY