

*The Principles of Economics, with Applications to Practical Problems.* By FRANK A. FETTER. New York, The Century Company, 1904.—xvi, 610 pp.

The practical conditions under which economic study has been pursued in the United States have exercised a marked influence upon the character and progress of American economic thought. This is no less true of the past twenty years than of the present day. The Germanic training of the vigorous group of young thinkers, still happily in their prime, from whom dates the renaissance of economic study in the United States in the late seventies and eighties, transmitted the historical influence in exaggerated form. The vast area of our country and the scanty resources of the investigators virtually compelled neglect of economic description and encouraged recourse to historical and local studies. The single-tax agitation, the new importance of the entrepreneur, the extension of corporate organization to industry and the vague menace of socialism directed attention to problems of distribution, and and in so doing stimulated theoretical controversy and sometimes profitless dialectics.

So too, in our own day, the careful observer will surely not hesitate to recognize as a determining influence in the progress—or retardation—of American economic thought, the demands of and the obligations to an ever-increasing body of hungry collegiate students. Institution after institution has expanded its course of somnolent lectures on “social philosophy,” given by the college president in the senior spring term, into a systematic drill in economic principles. With heightened interest and growing classes, the extent and variety of economic teaching has increased, and the economic investigator has tended more and more to become the economic teacher. More than this, the embarrassing absence of convenient or adequate manuals has impelled the pedagogue to written exposition, and the teacher of political economy has to an increasing degree developed into the writer of economic textbooks.

This disposition has certainly not been without some good result. The educational process has been facilitated, and precise formulation and compact statement undoubtedly tend to clear thinking and definite concepts. But, like the increasing demand of government service upon the economic fraternity, the immediate result cannot fail to be a diversion of energy from purely scientific activity and a net loss to positive science. Ultimately there may be a larger brood of economists or a better equipment of those drafted off for temporary service, but for the time being there is diminished force and slower pace.

This is the clearest and strongest impression left on the reviewer's mind by a study of the present volume. Among the active group of young American economists Professor Fetter holds a distinguished position. His thinking is bold, fertile and independent, his reasoning is direct and orderly, and his statement is forcible and attractive. He has made substantial contributions both in acute criticism of orthodox theories and in presentation of new and suggestive concepts, and he is by all reports a stimulating and inspiring teacher.

Manifestly these are qualities which are likely to materialize in one or the other of the two distinct, almost opposed results: (1) a series of real contributions to economic theory or (2) a convenient and workable text-book. What Professor Fetter has already done in the first direction is a safe warrant that the more comprehensive result of his bolder effort would give us something entitled to high respect. On the other hand the evidence at hand would convince even the hardest-hearted publisher that this man can write a serviceable manual.

But it is in trying to combine the two things into a single performance, as Professor Fetter has here done, that some disappointment and more regret come. A vigorous but necessarily imperfect assault upon the accepted ground-work of economic science is not the most useful pedagogical appliance. Nor on the other hand does daring and independent thinking have the fairest play within the inevitable restraint of text-book conventions. The result is, to use a hackneyed figure, a physical mixture and not a chemical compound. We put aside Professor Fetter's volume, embodying as it does so much bold analysis and so much successful teaching experience, in the conviction that before long disassociation will come and that this gifted teacher and investigator will give us in separate form both a convenient manual and a scientific treatise.

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*Interest and Saving.* By E. C. K. GONNER, Brunner Professor of Economic Science in the University of Liverpool. New York, The Macmillan Co., 1906.—xv, 172 pp.

The subject of this book is the relation of the interest rate to the process of saving, the main question being whether the existence of some "rate of interest is or is not an essential condition of the provision of capital in certain quantities" (p. 105). The author believes that the rate of interest is determined by the supply of and demand for