

a consequent government deficit), isn't he emphasizing the importance of diverting more of the spending stream into private hands? While such a policy is consistent with an active part for government in combating recessions, it recognizes the multiplicity of forces that make up the aggregate economy. It places less emphasis on government spending as appears to be the Keynesian approach.

If Mr. Dale's lucidly written critique of conservatives in power only gave its readers a clearer insight into the scope of the economic problems with which this nation's leaders must deal, this

would be sufficient to make his book a definite contribution to recent economic history. But it offers more. Mr. Dale peers ahead for us and, we think, comes up with a valuable conclusion for liberals as well as conservatives.

Despite the failure of the classical methods to halt the inflation dead in its tracks, they surely slowed it down. In short, these methods did not completely fail their test—at least yet. For this reason future economic practitioners who can escape the dogmatism of "liberalism" or "conservatism" will find valuable lessons to be gained from this study of conservatives' frustrations.

Enterprise Enters the Sixties

"The Communist Challenge to American Business," by Clarence B. Randall (Atlantic-Little, Brown. 203 pp. \$3.50), and **"New Forces in American Business," by Dexter M. Keezer and Associates** (McGraw-Hill. 278 pp. \$4.75), offer some economic forecasts and ideas of interest to students of intellectual history and business opinion. Eugene R. Schlesinger teaches at the New York University Graduate School of Business Administration.

By Eugene R. Schlesinger

TWO VOLUMES which deal respectively with the principal domestic and international challenges to American business might appear, at first glance, to be useful complements. However, because of a curious compartmentalization of thinking, both of the books under consideration manage to side-step the really central issue, namely, the exceedingly delicate series of interrelationships that exists between developments at home and abroad. Overspecialization is deplorable enough in academic work, where it can at least be somewhat plausibly defended on the basis of the need for achieving objective and value-free advances in knowledge. But with books that are directed at a wider audience and aim at influencing the general tenor of thinking, even this rationalization will not stand up.

Clarence B. Randall, the retired board chairman of the Inland Steel Company, and one of our most articulate and responsible business leaders, is

currently serving as President Eisenhower's special assistant in the area of Foreign Economic Policy. His book is written primarily for his fellow businessmen and seeks to alert them to their self-interest in meeting the Communist challenge and to guide them through the pitfalls of stereotyped thinking on problems of world development and trade. If there were a possibility that the volume would influence business thinking on these questions, one could perhaps overlook the fact that the ideas are essentially a popular restatement of the Randall Commission's 1954 findings and have not been significantly modified in the light of major economic, political, and technological changes which have taken place since that time.

However, largely for reasons which the author himself gives in his illuminating chapter on "Business and Government," it seems unlikely that the book will be read by the audience to which it is addressed. Therefore, the real value of Mr. Randall's volume is an indirect one and stems from his decision to give the argument an autobiographical slant. The author's treatment of the evolution of his ideas on domestic and foreign economic questions contains much that should prove of interest to students of intellectual history and business opinion.

DEXTER KEEZER and his associates in the Economics Department of McGraw-Hill Co. have subtitled their work "An Analysis of the Economic Outlook of the '60's." More specifically, they have addressed themselves to the question of whether we can expect a continuation of the reasonable postwar degrees of growth and stability and

reach an affirmative answer. Following the usual rules of the game for economic forecasting, the authors devote less than one-tenth of the book to their chapter on "U. S. Business and the World Overseas," and their section on defense expenditures is only a few pages. One could hardly guess from this allotment of space that the nature of the Communist challenge and of our response to it could very well be the major determinant of our economy's future stability and growth.

THE many sections of the book where the authors actually attack their problem are absorbing reading, for they do, indeed, enjoy a "point of vantage" for observing strategic new economic developments. The specialist will find it convenient to have much of the analysis of the data from the McGraw-Hill surveys on plant and equipment expenditures and expectations collected in one place. And, on a more general level, the book is quite effective in dispelling a number of popular and academic misconceptions about the working of the American economy.

But in spite of the general excellence of most of the individual chapters, this reader found the book as a whole strangely unsatisfying. This is largely a result of the authors' choice of an analytical frame of reference. As Mr. Keezer points out in his introductory philosophical note, he and his colleagues are writing as business economists, and this particular breed of animal differs from his academic counterpart in that he must come up with definite answers. The reviewer, as an academic economist, can understand the authors' admitted envy of his right to "teeter-totter," and, since he teaches in a business school, he can perhaps also appreciate their implied resentment at their apparent lack of status among the academic fraternity.

There is an unfortunate tendency on the part of academic economists to denigrate or ignore most of the work of the business economist. Many of the *ad hoc* analytical techniques which the latter has developed, although not 100 per cent consistent with theoretical purism, have added greatly to our knowledge of the functioning of the economy. However, this does not mean that the methods and approach of the business economist can be usefully applied to all kinds of questions, and in the case of the long-run development of the economy as a whole they must inevitably lead to virtually preordained results. As a consequence, it seems inconceivable that informed readers of this book will be unable to predict its conclusions once they discover just what problem is being investigated.

WHO'S WHO AND WHAT'S WHAT:

Burton Crane, financial editor of *The New York Times*, has put together a collection of economic essays which attempts to "make a direct coupling between the issues of the day and the principles of economics that bear upon them." His book, **"The Practical Economist"** (Simon & Schuster, \$3.95), is also an eclectic work. But, let us hasten to say, this is not necessarily a defect. To the contrary. Mr. Crane has done his homework, including much hot labor with his slipstick, and consequently he has forged a solid volume.

Some of the leading issues the author explores are inflation, the debt (public and private), full employment, business concentration and antitrust policy, productivity and planning. There is also an excellent essay on the gold standard, not currently or likely to be the subject of a Great Debate, and the author shows why.

Mr. Crane brings together a considerable knowledge of ideas, men, and data in dealing with these problems. Indeed, the book is sort of a who's who and what's what in economics. Included are revered names such as Smith, Ricardo, and Marshall, along with such outstanding American economists as Mitchell, Burns, and Galbraith.

As he goes along, Mr. Crane provides clear explanations of economic concepts that often trouble the lay reader. Notable examples are his accounts of constant dollar values, the multiplier, and foreign exchange rates.

A forceful thinker, the author reaches some controversial conclusions. Among these are that a little inflation is beneficial, the recent and continuing loss of gold is not serious, and an economy can remain in equilibrium below full employment. There are also the usual difficulties any simplification of complex economic relations brings. Thus, Mr. Crane states:

We should use taxes a little more frankly to control the economy. For example, the Humphrey Recession of 1953 and 1954 was planned in order to make the 1954 tax cuts possible. And maybe the efforts to check the boom that began in April 1955 were designed to give us enough of a dip by the spring of 1956 so that more tax cuts would be possible. This didn't work.

On the other hand, the same brand of thinking produces the interesting idea of the Danger Margin of Prosperity. According to Mr. Crane, we consume an increasing portion of nonessential goods which in adversity we can do without. As a result, it would take an extremely severe depression before the impact of *necessary* consumer spending would be felt.

Because of his vast and farflung knowledge (of Japan, Russia, and Wall Street, as well as of corporation executives, and academicians) Mr. Crane's book is more than a guide to the practical economist; it is a challenge to the thinking economist. —L. T.

FACTORY MANAGER, USSR: In an age of status-seekers and image-makers, it was only a matter of time before someone would write a book about Russia's organization man. It has now been done —and done very well. The author is David Granick, an eleven-year veteran of Soviet economicsdom, who, in the summer of 1958, toured the Soviet Union, where he visited numerous factories and chatted with their managers. **"The Red Executive: A Study of the Organization Man in Russian Industry"** (Doubleday, \$4.50) is a brightly-written synthesis of personal observation and theoretical abstraction.

No flaming revolutionary with "nothing to lose but his chains," Russia's manager has grown with Soviet industry, and he shares fully in its glory and frustration. These days, as Moscow ticks off rapid rates of economic growth, the Red executive is usually a college-trained engineer "with a sound technical and administrative background." His qualifications are well rewarded; although he may not live as luxuriously as the American manager, he earns at least five times more than the average Soviet monthly wage of 800 rubles. He receives a pat-on-the-back from his omnipotent and omnipresent boss, the

Communist Party, when he overfulfills quotas, but he has no job security—none at all—when his output falls short of Moscow's expectations. He has power, Granick says, within carefully defined limits, but he cannot make any independent decisions. In Soviet society the final decision-maker is Nikita Khrushchev.

Granick takes some well-reasoned potshots at a widely circulated theory in American *academia*—that the Red executive is somehow more cautious and sober than the Communist official. "There is no justification for picturing him as a man in conflict with the Communist Party official. Rather, the industrial manager and the Party secretary are old classmates, neighbors, and colleagues, seeing the world from the same perspective."

Repeatedly, Granick compares the Communist executive with his capitalist counterpart. Most of Moscow's managers have college degrees; only about 60 per cent of America's do. But the American executive can think uninhibitedly, whereas the Red executive is paid to produce, not think. In any case, each serves his society's needs.

In two concluding chapters, Granick jumps into a larger arena, where he considers the implications of economic competition and trade between Moscow and Washington. His conclusions: both systems are strong and vital; they can compete anywhere and trade anything with mutual gain. —MARVIN L. KALB.

For a Businessman's Bookshelf—see page 69



"One of the guards is getting married."