

American Economic Association

Review: [untitled]

Author(s): Karl Shell

Source: *The American Economic Review*, Vol. 53, No. 1, Part 1 (Mar., 1963), pp. 176-177

Published by: American Economic Association

Stable URL: <http://www.jstor.org/stable/1817152>

Accessed: 18/06/2009 17:37

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/action/showPublisher?publisherCode=aea>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

JSTOR is a not-for-profit organization founded in 1995 to build trusted digital archives for scholarship. We work with the scholarly community to preserve their work and the materials they rely upon, and to build a common research platform that promotes the discovery and use of these resources. For more information about JSTOR, please contact support@jstor.org.



American Economic Association is collaborating with JSTOR to digitize, preserve and extend access to *The American Economic Review*.

<http://www.jstor.org>

such a theory" (p. 386), suggest a desire to contest the position argued by Schumpeter in his *History of Economic Analysis*. One is forced to conclude, however, that the gap between "thought" and "analysis" is left as wide as ever. Consider two brief examples of a recurring theme: ". . . perhaps more psychology and history and sociology are necessary if we are to grasp the true nature of the human animal" (p. 385); and again, "The political climate, the basic drives and aims of a society are too complex to be entirely compressed into mathematical equations and marginal curves" (p. 729). If one turns from these reiterated statements with the feeling that all this has been said before, this is also true of Seligman's prescription: "The ultimate understanding of a changing economy may well require the modern theorist to resort to detailed institutional analysis, much as he may not want to do so" (p. 729).

Even as one would hesitate wholeheartedly to disagree with either the diagnosis or the prescription, so one might want to challenge the imputation of disinterest or even hostility to the "modern theorist." One would have liked, for example, to hear Seligman's comments on Shubik's call for a "mathematical institutional economics." And while a rather reluctant admiration is revealed for Boulding's efforts to build general systems theory, one wonders whether the author would be willing fully to accept Boulding's dictum that "science is a process in which unimportant questions which can be answered are substituted for the important questions which have no answers."

But perhaps the contemporary institutionalist, like his historicist predecessors, may make his best contribution as a gadfly rather than as a synthesizer. In any event, Seligman's book can occupy a useful place on any economist's bookshelf.

ROBERT CAMPBELL

University of Oregon

Elementary Mathematics of Price Theory. By CLARK LEE ALLEN. Belmont: Wadsworth Publishing Company, 1962. Pp. xv, 155. \$3.95.

The text is divided into three parts. Part A is an elementary presentation of the properties of functions and graphs. The treatment is much like that of the ninth-grade algebra course. However, the problems are chosen to illustrate applications to elementary price theory. Problem 3 on p. 15 is representative: "Henry Schultz estimates the supply curve for imported sugar in the U.S. in 1903-1913 as $S = 1.1P - 0.1$. Find the price if the quantity is (a) 1; (b) 0.8; (c) 0.5." It should be noted that it is usual at this level for the pedagogue to stress units of measurement. Is P measured in dollars per pound, and is S measured in pounds?

In Part B, elementary topics in the calculus are developed. Included are simple and partial differentiation, integration, homogeneous functions, and assorted price-theoretic applications. The Euler theorem (one of several of that name!) that is known from its importance to the theory of the distribution of national income is stated and artfully applied to various production functions. It is too bad that the theorem is not proved.

Part C, entitled "Geometry," is independent of Part B. Using the less powerful vehicle of two-dimensional geometry, the relationships between average quantities and marginal quantities are established anew. The approach of this part is good for two reasons. Because so much of the literature is argued in diagrammatic form, the student ignorant of the geometric constructs is at a disadvantage in seeking an economics education. Second, by having mastered these concepts in a fresh medium, the student is likely to have greater confidence in the results. Also included in this part is a careful presentation of the elasticity concept and an excellent geometric discussion of the nature of linear programming.

The book has a bibliography, an index, and four appendices. Appendix A is a selected review of mathematical fundamentals. Appendix B is on nomographic solutions—the technique of engineering graphics now exploited in the statistical control of inventories. Appendix C is to remind the student of general equilibrium problems. Answers to the odd-numbered exercises are to be found in Appendix D.

It is obvious that great care has been taken to ensure that this product will be of use for a wide class of potential consumers. But like most such products, this text serves any particular user quite imperfectly. This is a book of techniques not to be used for teaching elementary price theory. It is recognized that today's professional student of economics should be exposed, at least, to the calculus. To introduce the mathematical concept of limit in a price theory course fails to recognize obvious advantages of a pedagogic division of labor. While it is difficult to imagine that this book could serve well as a text, many students will desire this handy paperback copy in their libraries for reference use.

KARL SHELL

Stanford University

Economic History; Economic Development; National Economies

Growth of Industrial Production in the Soviet Union. By G. WARREN NUTTER with ISRAEL BORENSTEIN and ADAM KAUFMAN. Princeton: Princeton University Press for National Bureau of Economic Research, 1962. Pp. xxvii, 706. \$15.00.

This is an important book, whether judged by the issue it treats, the work that has gone into it, or by its public impact. It is also a big book, containing over 600 pages. It contains three distinct communiqués. Over half the book is a report to the specialist—a carefully annotated catalogue of the q 's, p 's, and v 's taken as the raw material for Nutter's measurement of Soviet growth, and an explanation in almost worksheet detail of their manipulation to construct a variety of index numbers. This part of the book is essentially complete in itself. Secondly, there are eight chapters which discuss and interpret Soviet growth as revealed in these calculations. Finally a ten-page summary tries to set out the general findings of the study in its entirety. It is primarily