JOHN MAYNARD KEYNES

It is in his discussion of Keynes and the welfare economists who preceded him in time (A. C. Pigou, John Hobson, and Johan Wicksell) that Soule gets back on solid materialist ground. He explains that World War I, with its disruption of the international balance of payments, and the necessity of government intervention, followed by the crisis in British export trade and its loss of gold, as responsible for the economics of Keynes and the others. It is highly significant that Keynes wrote his chief work, the **General Theory of Money, Interest and Rent,** in 1936, when the New Deal was in full bloom, and unemployment was at a high level. Capitalism in its private sector had proved to be a failure, and Keynes saw the government as the compensating factor, by investing money itself, by keeping the interest rate low, and by providing public services and social insurance to help redistribute the income.

Soule speaks of the Keynes theory as a revolution. Would that it were! What the author really means is that the Keynes theory was a revolution against the classical school, that "the invisible hand" would regulate economy for the benefit of the whole. Soule states that Keynes gave the professional economists a new lease on life, but what he meant was a new lease on jobs in government, because — not after Keynes but after the 1929 crash — it would be easier for a camel to go through the eye of a rich man than for the government to ever withdraw from support of so-called private enterprise.

THE INSTITUTIONALISTS

Although John Commons and Wesley Mitchell are listed along with Thorstein Veblen as Institutionalists, it is really Veblen alone who is most associated with this school. Soule is careful to point out that Veblen lived in a period when money-making was the ruling passion of prominent Americans (is it not now?) and civilization was dominated by business. It was natural then for Veblen to attack the leisure class (**Theory of the Leisure Class**), and to extol the desire to produce (**The Instinct of Workmanship**) as against the drive for profit (business enterprise). Veblen was more of an expositionist than a theorist about the remedy for the evils he saw. However, as Soule wittily points out, ever since Veblen, apologists for American business have been careful to emphasize technical achievements and great productivity rather than "supposed automatic equilibrium of the system."

The last school of economists, the Austrian school of marginal analysis-represented by Ludwig von Mises and Frederich Hayek, is mentioned only briefly. As old-fashioned as it may seem, this school still clings to the classical tradition of free enterprise, and opposes government intervention. Enough said!

SOULE'S CONTRIBUTION

After tracing the ideas of the Great Economists, Soule could not resist the temptation to enter the lists by asserting a few conclusions of his own. Nor can we resist the temptation to examine these conclusions of his. We find the examination over almost before it begins. Soule advocates a mixed economy, a little "socialism" here, a dash of private enterprise there, topped off with a "combination of action by government, business executives, farm and labor organizations, and individuals" — shake well, and take as ordered by Dr. Soule.

But we shall not let this vague application to a specific problem deter us from recommending Soule's **Ideas of Great Economists.** If nothing else, this book does indicate what could have been done to this subject had one who was completely versed in historical materialism handled it.

KARL FREDERICK

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MODERN INDUSTRY

At the beginning of the eighteenth century virtually everything was made by hand. Already however men were working in factories, each doing a simple repetitious job, for this was the era of manufacture, in which no single workman produced even a complete pin, for even the production of such a small object consisted of eighteen separate operations. Alongside these factories there were still some domestic craftsmen, who worked at home spinning, weaving, and making other articles.

To increase production and so make the profits of the capitalists greater, machinery was developed in the eighteenth century. The craftsman working with a tool was replaced by a machine that needed an operator to use it, and a mechanic to repair it. Previously the worker has needed his own physical energy to move the tool, and his finger skill to control it, but now a power unit, or engine, supplied the energy, and a transmission mechanism controlled the tool in place of the skillful fingers of the craftsman. The first transmission mechanism of importance was the flying shuttle, invented by John Kay in 1733, and although at first wind, water, and animal power were used, industry did not become mechanized on a large scale until after James Watt developed the steam engine, which he patented in 1769. Machines were introduced first in the textile industry and were afterwards developed for other industries, as they greatly increased production per man, so increasing the profits. Not content with this, the factory owning capitalists often forced the worker and his family to work long hours in dirty, noisy factories. The domestic craftsmen could not compete with the machinery, and soon many were starving. At first the workers struck back by smashing the machines and burning the factories. But it was of no avail. The cause of their misery was not the machines, but the class nature of society.

ELECTRICITY

In the nineteenth century machinery was steadily improved and machines more accurate were developed, of which the slide rest developed by Maudslay is one of the best known. So precision engineering began and machines became both more complicated and more reliable; so less operators per machine were needed. However the main discovery of the nineteenth century was the nature and control of electricity. Until then the transmission mechanisms had been wholly mechanical and had consisted in part of complex overhead shafting, supplemented by belts and pulleys, from the power source to the working machines in the factory. The electric motor is conveniently constructed in small sizes, so this made it practical and economical for each machine to have its own electric motor. So the introduction of electric motors eliminated many problems in the construction of transmission mechanisms, by replacing the single steam engine with many complex couplings, by a set of small electric motors taking their power by flexible wire cables from a regional power station.

THE BELT SYSTEM

The turn of the century saw a streamlined form of the manufacturing method introduced. This was the Conveyor Belt System, in which power is used to drive a conveyor belt, which carries the article under construction from worker to worker, each of which merely does one monotously simple operation on it, such as tightening up a certain nut or screw. The Chicago stockyards of the late nineteenth century, in which a pig was carried along on an overhead conveyor, is a rudimentary example of this method, which came of age in 1913 when Henry Ford introduced it into motor car production. This, and a more general ap-