

BOOK REVIEWS

The Structure of the American Economy, 1919-1939: An Empirical Application of Equilibrium Analysis. By WASSILY W. LEONTIEF. Second edition, enlarged. New York: Oxford University Press. 1951. 264 pp. \$5.75.

IF THIS were the review of the first edition, one could not possibly do full justice to a path-breaking contribution like Professor Leontief's without devoting every word to a discussion of the ideas underlying the work. With a second edition, things are different. It is precisely the outstanding importance of Leontief's contribution which, in this case, justifies and calls for a discussion, even in some detail, of the general aspect of the book itself. Furthermore, dealing at great length with the rationale of Leontief's system would have converted this review into a bare duplication of the critical appraisals and summary presentations already available in print. Therefore, much of the following criticism will be concerned with the presentation and, even when it may appear severe, it will not be intended to disparage in the slightest the originality and the scientific importance of Leontief's work.

The new edition includes (Part IV, D) the reproduction of a paper in which Professor Leontief presented his own critical resumé of the economic model introduced in the first edition. In addition to this auto-review, the reader will find the comments made by the seven discussants of that paper highly instructive.¹ Another substitute for a review of the system is provided by an article which also contains a generalization of Leontief's model as conceived by Professor Samuelson and by the reviewer.² The generalization removes from the model one of its vulnerable points: the uniqueness of the coefficients of production.³ Therefore, the only remaining relevant objection to Leontief's "static" scheme is that referring to his treatment of capital stocks. This objection is by far the most damaging and, obviously, the most unlikely to be avoided by a simple modification of the static model. Even in his new dynamic model, only summarily described on pages 211-216, there seems to be no room for free speculative variations of inventories.

In view of the crucial role played by this problem in Leontief's system, the reviewer had expected the second edition to contain further elaborations in this direction which Professor Leontief could, no doubt, have offered for the sake of scientific interest and for the benefit of the reader. It is rather disappointing to see that the author did not take advantage of the second edition to improve the argument on this as well as on some other points. Excepting for the removal of a few printing errors (pp. 51, 54, 55), the first edition is photographically repro-

¹ *American Economic Review, Supplement*, Vol. 39, 1949, pp. 226-240.

² Nicholas Georgescu-Roegen, "Leontief's System in the Light of Recent Results," *Review of Economics and Statistics*, Vol. 32, August, 1950, pp. 214-222. Other articles dealing with Leontief's model are contained in *Activity Analysis of Production and Allocation*, Cowles Commission Monograph 13, T. C. Koopmans, ed., New York: John Wiley and Sons, 1951.

³ Cf. *American Economic Review, loc. cit.*, and also the review of the first edition by Hans T. Neisser, *American Economic Review*, Vol. 31, September, 1941, pp. 608-610.