

The farmer, on the other hand, must be educated by the banker, the press, and the agricultural school and college, to the advantages of credit as a means to the more efficient working of his farm. This should be done with caution for credit is a two-edged sword. The farmer should be encouraged to borrow only when it is very clear that he can use additional capital so productively that it will pay. But what industrious farmer could not use profitably some additional capital every year, could he obtain it at as reasonable rates as does the merchant? The farmer must learn to keep careful accounts. He must be made to realize that the banks are open to him as to other business men, and that the bulk of the country's short-time commercial loans, as likewise of the agricultural loans of Europe, are made on the very same security he is capable of giving, i. e., two-name paper of honest, industrious business men.

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general standing of farmers, particularly those whom you refer to as 'well-to-do.' Reports of this character are somewhat more expensive than those on traders, for the reason that we rarely have more than one application for a report on a farmer, whereas inquiries for mercantile reports may average several per name."

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Theorie der wirtschaftlichen Entwicklung. By JOSEPH SCHUMPETER. (Leipzig: Verlag von Duncker und Humblot. 1912. Pp. viii, 548. 12 m.)

Economic theory passes through a preliminary stage of development in which it largely concerns itself with terms and basic concepts and in which its discussions have more to do with the dialectical mode of stating truths already known than with positive additions to human knowledge. In its next estate it makes real discoveries. It seeks and finds causes of known conditions and gains a power to answer such questions as, What forces tend to increase the reward of labor and to raise the level of human life? It is theory still, but it studies facts in their causal connection and the causes as well as the facts are of vital interest to humanity.

The recent work of Professor Schumpeter represents this type of research. It is largely a study of capital, interest, and profits, with an incidental inquiry into the causes of commercial crises. All these phenomena it connects with economic evolution, and it studies them as they appear in a world of change and progress. It thus makes an important addition to the limited amount of scientific literature which deals consciously and systematically with what is commonly termed "Economic Dynamics."

Professor Schumpeter recognizes the fact that a determination of static laws and standards furnishes the essential starting point in the search for laws of change and movement. He presents a unique conception of the static state, which will certainly interest readers and stimulate thought, whether it is accepted as correct or not. He reduces the elements which are necessary for production into land, including natural agents, and labor. Given the earth and man, and he will make the earth useful to him by efforts; and this is, of course, production. Empty-handed man working on crude nature can produce—in a rather microscopic amount, indeed—products that directly satisfy wants and constitute the "consumers wealth" of current discussion. Producing much of it requires tools; and when a full stock of these has been made and industry has become highly organized, a condition is created in which a worker gets finished goods day by day as his work proceeds. Each