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regarded as an altogether reliable guide. A few examples: The statement that "Hoover had no overall economic policy" stands in need of qualification in light of later studies. Norton's observation about Truman's delay in appointing members to the newly authorized CEA is misleading: the archival evidence documents that Truman offered the chairmanship to Harold D. Smith (then Director of the Bureau of the Budget) at the time the Employment Act was signed, but Smith turned the job down. (It is understandable why Norton missed this point: he builds his interpretation around the memoirs of Edwin G. Nourse—and Nourse was certainly sincere, though incorrect, in his belief that he was the first to be offered this assignment.) The nature of the relationship between Eisenhower and Arthur Burns as CEA Chairman deserves to be much more richly nuanced—and could be if the author had taken advantage of the scholarship informed by Eisenhower's private diaries which have now been open to researchers for about fifteen years.

From the perspective of the student of the history of economics, it seems unfortunate that the author has elected to reissue dated material, rather than to revise it in light of subsequent learning.

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Profit and Enterprise: The Political Economy of Profit. By David Parker and Richard Stead. New York: St. Martin's Press, 1991. 201 pp. $49.95.

In *Profit and Enterprise: The Political Economy of Profit,* David Parker and Richard Stead briefly review theories of profit and entrepreneurship from the Middle Ages to the present. Their goals are threefold: 1) to explain why profit and enterprise are ignored by mainstream, neoclassical theory even though many theories of profit and enterprise survive; 2) to examine how the policy prescriptions of each school of thought are influenced by its theories of profit and enterprise and; 3) to show that recent government policy moves aimed at stimulating entrepreneurship are the consequence of a realization that enterprise results in economic growth. After providing a brief summary of these three points, this review will criticize the authors' position and offer alternative answers. Although I am in broad agreement with their basic position, the bottom line is that the authors fail to reach any of their stated objectives.

According to Parker and Stead, entrepreneurship is neglected by neoclassical theory because neoclassicals treat equilibrium as an indispensable foundation of their explanation of markets. Since "enterprise and equilibrium are, in large measure, mutually exclusive states of affairs" (4), neoclassicals are forced to ignore enterprise. This, in turn, means "that the analysis of profit is incomplete or contradictory" (5). For the authors, the neglect of entrepreneurship and profit in neoclassical economics is all the more frustrating because 1) many economists have not ignored these issues and 2) governments are increasingly turning to free enterprise and away from centrally planned economies.

Given the neglect of profit and enterprise by the neoclassicals, Parker and Stead see a void in today's undergraduate economics instruction. They believe that students will gain a more complete understanding of microeconomics by examining the views on profit and enterprise held by various schools of thought (including mercantilists, physiocrats, classicals, neoclassicals and radicals). In addition, a discussion of profit and enterprise will reveal the underlying motivation of recent government policy moves and attitudes toward business.

On the first claim, (i.e., that neoclassicals ignore profit and enterprise), I believe Parker and Stead are incorrect with respect to profits and fail to go far enough in their search for an explanation for the neglect of enterprise. In spite of what Parker and Stead say ("neoclassical theory has no theory of profit" [85]), modern-day, mainstream, neoclassical economic theory most certainly does have a theory of profit. Either market power with a barrier to entry or factor fixity (in the short run) can give rise to "excess profits"—payments above the total opportunity costs for all (including those internally provided by the firm) factors of production. The authors make very clear that they do not like this view of profits. While they are entitled to their opinion, it is a mistake to claim that there is no neoclassical theory of profit.

On the other hand, I am in complete agreement with the claim that the emphasis on equilibrium caused the neglect of entrepreneurship, but wish that Parker and Stead had gone further—why the neoclassical preoccupation with equilibrium? The answer here is because of the neoclassical problem orientation. By focusing on static, resource-allocation questions, neoclassical theory slights the dynamic economic growth issues that have led to theories of enterprise such as that of Schumpeter's entrepreneur as innovator.[1]

Parker and Stead's presentation of Schumpeter's entrepreneurial theory deserves a brief comment. Their understanding of Schumpeter is that he believed that capitalism will die because the entrepreneur will be replaced by rational, bureaucratic corporations with optimal R&D expenditures. This would lead to "a reduction in technical progress and innovation" and, furthermore, "the pace of economic growth would inevitably slow down" (104). My understanding of Schumpeter's views on capitalism is that it will pass away, but not because it seizes up. On the contrary, the substitution of the colorful, romantic entrepreneur by the cold, calculating R&D team will enable the new robo-capitalism to, in Richard Langlois' words, "stamp out innovation with all the efficiency that it brings to bear on stamping out mass-produced goods."[2] Yes, Schumpeter believes that capitalism will die; and yes, he is sad to see it go; but not because the economy will be in

1. Differing problem orientations also explain the number of profit theories and a great deal of the differences in attitudes toward profit held by various schools. Parker and Stead should have included "Problem Orientation" as the first entry in table 9.1 (a comparison of classical, neoclassical, Austrian, and Marxist views of value, incomes, profit, enterprise, and the role of the state) in order to highlight many of the ensuing differences.

2. Richard Langlois, "Schumpeter and the Obsolescence of the Entrepreneur," Presented at the History of Economics annual meeting, 21 June 1987 (Boston).

some kind of zero growth, stationary state; rather because the exhilaration of unstable growth provided by the romantic, exciting entrepreneur will be replaced by an automatic and boring steering mechanism.

Parker and Stead's second fundamental point, that we can better understand the policy prescriptions of the various schools of thought by examining their views on profit and enterprise, is noncontroversial, but I would have preferred a more in-depth analysis of the various schools. Although superficial coverage is understandable given their need to describe the theories of a wide variety of schools, a three-page treatment of "German historicism and American institutionalism," for example, is not very satisfying.

With respect to their third and final claim, that current pro-market government policy moves are driven by a return to a realization that enterprise is the key to economic growth, I remain unconvinced. The claim that the moves toward deregulation, privatization, and even *perestroika* and *gaige* are designed to stimulate entrepreneurship, although possibly true, is simply not proven. The quintessential neoclassical economist would advocate these same policy moves on static efficiency grounds. Furthermore, *perestroika* is probably more motivated by a loss of faith in the current system than any fundamental ideological change. Finally, much more is needed to support the idea that entrepreneurship is a function of some set of policy tools. I would have to be convinced that entrepreneurship can be so easily manipulated.

In conclusion, *Profit and Enterprise* does not go far enough in explaining why the entrepreneur has been neglected by neoclassical theory and fails to persuade that current government policy moves can be explained as an attempt to increase enterprise. It does, however, make clear that there are a wide variety of alternative views on profit and enterprise through reviews, although often sketchy, of such theories. As Parker and Stead write in the last sentence, "If the need to discuss enterprise is placed upon the agenda, then this book will have succeeded" (185). Unfortunately, those who are unsympathetic with the notion that entrepreneurship should be on the agenda are not likely to be swayed by *Profit and Enterprise*.

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Keynes's Lectures, 1932–35: Notes of a Representative Student. Transcribed, edited, and constructed by Thomas K. Rymes. Ann Arbor, Mich.: University of Michigan Press, 1989. 197 pp. $37.50.

How does one properly evaluate an edition of work(s) from the past? This is not an easy question and we have been spared from having to consider it seriously by the uniformly high quality of the many editions we have been given in the last two decades. When one thinks of the works of Jevons, Marshall, Keynes, or Meade, one immediately thinks of the *contents* of the volumes because the *editing* is meticulous and transparent. In such a case, the reviewer can discuss the importance