

6I. THE THEORY OF INTERNATIONAL TRADE: with its applications to commercial policy. By Gottfried von Haberler. 1936. (London: William Hodge. 8vo. xvi + 408 pp. 21s.)

ABOUT half of this volume is devoted to the principles which govern the course of international trade and the benefits to be derived therefrom, while the remainder is devoted to commercial policy. Professor Haberler's knowledge is extremely massive; he shows his acquaintanceship with all the leading classical literature of the subject as well as a wide range of contemporary literature. Anyone who seeks a summary of and an up-to-date and judicious commentary upon this great department of study could not do better than resort to this volume.

It will cause little surprise that Professor Haberler emerges from his laborious investigations a convinced Free Trader. There is a lengthy section examining every manner of protectionist argument

1936]

ECONOMICS AND FINANCE

935

with scrupulous fairness. He is clearly writing with his eye on the verdict of science and posterity, and not in the spirit of the controversialist; he rigorously eschews the specious argument and the superficial dialectic, to which even Free Traders are at times not above stooping. Who suspects Professor Haberler of *parti pris* convicts himself of it.

In the analytic section professional economists will probably be most interested in Professor Haberler's modernisation of the theory of comparative costs and in his treatment of the phenomenon of increasing returns. In his section on policy there is much highly competent discussion of contemporary problems, such as the most-favoured-nation clause, quotas, etc.

Professor Haberler is under no illusions about the practical obstacles to free trade. But he is doubtful of the wisdom of attempts to get small alleviations at the cost of acquiescing in the fundamental ideology of mercantilism. His concluding words are:

"There is only one way out. It is to take the bull by the horns, to fight the spirit of protection, to spread far and wide correct ideas about international trade, and to confront the organised forces, which support protection, with a powerful organisation drawn from those who suffer from it, that is, from the vast majority of the people of the world."

R. F. HARROD.