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BOOK REVIEWS

A. Åslund
Building Capitalism. The Transformation of the Former Soviet Bloc
Cambridge – New York: Cambridge University Press, 2002, 508 pp.

While collective volumes on transformation still abound, there are relatively few monographic attempts to overview the learning of the past fifteen years on the roots and consequences of the collapse of communism. The cycle of mood has changed from euphoric first to depressive, than to realist and postmodernist. By now everybody can freely choose the textbook/school of their own liking. And still, relatively few truly scientific accounts have been produced on the subject of what have we learned, on the novelties this singular, historic event brought to economics as an analytical discipline.

Interestingly, the majority of overviews, e.g. those of Lavigne (1999), Kolodko (2000), Dobry (2000) or Boenker et al. (2002), tend to be critical of the transformation experience at least on two accounts. They blame transformation for having been built on a poor interpretation of mainstream economics, and mainstream economics itself for being inapt to address complexities of transition.

The book under review, by contrast, takes a different angle. Writing in a enjoyably provocative style, Anders Åslund, a leading personality in the large-scale consultancy business of the period, offers his academic generalisations from his policy advising experience. As can be expected, his *Leitmotiv* is the fundamental role of right policies based on standard economic concepts. He is highly critical of the doomsayers and those who claim to know everything better in hindsight, those who engage in wishful thinking, recommending options that never were available (p. 2). In order to prove his point, Åslund adopts a comparative and empirical approach. To cut a complex argument short, in his view transformation has been a success if we compare the costs of abolishing communism to the costs of introducing it. Similarly, the phase of disintegration and the resultant confusion were unavoidable costs of a wholesale (political, economic, legal, moral, institutional, social, etc.) transformation. Still, with the time passing proper policies started to bear fruit in terms of growth, exports and even health indicators.

All observers tend to agree that only a small minority of transformations has proven to be an unqualified success. However, as Åslund shows, there are sec-

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ond best options: a rent seeking society, that emerged in most of the laggard reformers, is still much superior to the unbridled despotism characteristic in Central Asia or Belarus for that matter. Policies are responsible (p. 5) if and to what extent these promoted rent seeking versus competition. Therefore, social conditions could only improve after having secured the sustaining of growth performance – a point that is documented and proven in rich detail by the author.

It is impossible to give a detailed account of such a comprehensive analysis, thus I am providing just a selective set of illustrations of the major points raised in the monograph.

Having surveyed the major features of the ancient regime and the reasons (differences in its collapse the author calls transformational recession) output collapse a myth in chapter four. He bases his finding on his detailed methodological criticism of official reporting, which tended to overstate socialist accomplishments in all areas, but especially in consumption, living standards and levels of development. Inaccuracies in reports – and the chaos that did not spare statistical agencies either – resulted in a tendency to systematically underestimate new private production in both production and services. In his alternative calculations radical reformers have not suffered a real loss of living standard, but underwent a restructuring of consumption and production, while non-reformers continued to falsify statistics (in some cases leading to fifty plus per cent revisions of previously reported output numbers).

Chapter 5 elaborates on partial liberalisation as a recipe for rent seeking. Chapter 6 adds slow disinflation to it. In both cases state created distortions allowed for well placed agents to appropriate disproportionate amount of wealth, irrespective of performance, whereby they could create conditions for recreating these rents via buying influence, cementing monopolies and the like.

Chapter 8 is probably the most controversial part of the monograph. Here Åslund confronts a large body of international social science literature depicting transition as a social disaster. Relying on his partly recalculated data the author shows that the frequently voiced claim of a social crisis cannot be substantiated, in Russia even male life expectancy drops started to reverse and infant mortality data improved, as long as economic conditions recovered. In my experience the author overdoes his argument when he claims that also health services and education tended to be restructured and undergoing the inevitable disorganisation period, a claim based on individual good examples, that are not very convincingly generalised.

Chapter 9 proves that competition and frequent changes are also good for policies and so is transparency (no big surprise for an economic approach), while compromises with and return of the old guard is of little remedy to corruption and the ensuing inefficiencies.

Chapter 10 offers a critical view of the west in transition. The author proves that at the bottom line, debt service of the region far exceeded the cumulative amount of assistance of various sorts. While the peace dividend of the west – particularly for the USA – has been sizeable, the "recycling" of this into the region was modest at best.

Chapter 11 is devoted to the truly analytical issue of what has worked in transition and what has not. Åslund finds the heritage of reform socialism and a strong civil society important and helpful. Policies of course did matter, as did the distance from the west, or the sustaining influence of the old nomenclature or conversely, the ability of getting rid of it. All in all, transforming economies have, beyond doubt, benefited from shocks (pp. 450–453) – a point that has been steadily advocated by the author from the very outset (Åslund 1991). By adopting this line, rent seeking does not need to perpetuate itself, it can be overcome – a point that makes him optimistic on the perspectives of Russia and Ukraine.

The author draws our attention to some of the frequent methodological traps in transition studies. Repetition of misconceptions and vulgar Marxist schemata is frequently used as a substitute for empirical proofs. Some analysts tend to adopt judgements from the popular discourse without checking their validity. Often the preoccupation for single policy items, such as privatisation or sectoral policy, is so deep that findings on these areas are hastily generalised to explain macroperformance. Illusions about the complete freedom of decision-makers in any period of time tend to haunt many analyses, and so is the custom of rewriting history on the base of statistics released in the previous three months – thus fuelling the beauty contest among countries (who is the best of the day?).

Needless to say that such an overarching and in many points unconventional book is hard to evaluate in its entirety. While nearly every reader will find something to disagree with, Åslund has managed to give a coherent and original perspective, interpreting successes and failures within a single intellectual frame. His comparative approach is always illuminating, even if some of the generalisations may not apply to the degree they are stretched. Reliance on some of the prime sources could be improved, and the same goes for copy editing (misspelling of some names or re-baptising the controversial one-time Hungarian minister of finance to László – rather than Lajos Bokros, or misspelling the name of Ben Slay, pp. XV and XVI) could easily have been improved.

But whatever we think of the merit of individual statements, I tend to agree with Stanley Fischer on the cover: this analysis of Åslund cannot pass unnoticed, and no serious analyst of the future can write on the subject without confronting this thought provoking analysis.

László Csaba

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P. Seabright (ed.)

The Vanishing Rouble: Barter Networks and Non-Monetary Transactions in Post-Soviet Societies

Cambridge & New York: Cambridge University Press, 2000, 383 pp.

This stimulating book identifies the causes and consequences of barter economics and the exchange of goods without the use of money. Most affected players are enterprises, while households remain the primary "victims" of demonetisations, but they are not necessarily passive victims (Clarke, Chapter 7). Although this phenomenon is common to many economies – especially now in the newly transitioned European countries – the Russian and Ukrainian experiences differ from those of the other eighteen countries in transition (Carlen, Fries, Schaffer and Seabright, Chapter 9).

Non-monetary transactions have been taking place in Russia since its early transition efforts. By the mid-1990s demonetisations became so widespread here that the health of the entire system was seriously threatened and the prevention of a catastrophe required great caution. Data is also provided to establish the proper economic context for analysing the situation. Quoting various sources, Guriev and Ickes (Chapter 6) claim that in 1992 barter economy accounted for 5% of enterprise transactions. By 1997, it increased to at least 47%.

Previous estimates do prove that during the nineties a barter economy did exist and reached very dangerous levels. Recent barter economy trends are represented by large firms and multinationals and have been documented as prevalent in countries with low levels of industrialisation. In the West, counter trade increased during the 1980s as a result of the international debt crisis and the refusal to finance imports to developing countries and Eastern Europe (i.e., an export not in exchange for money but rather for an equivalent import).

In contrast to the Western experience, in Russia the barter arose as a domestic phenomenon. The creditworthiness of firms and the unwillingness to provide further credits to firms, the larger costs to search for market alternatives, the emergence of natural monopolies, as well as the reluctance to the long-term restructuring in the effort to avoid tax authorities (Ledeneva, Chapter 11), are potentially responsible for the Russian barter. This was especially the case across Russian regions with Moscow being a relative exception. Further estimates place the barter turnover between 30 and 80% of inter-enterprise transactions. Nevertheless, most astonishing is that the barter system was being used to also pay taxes to local, regional, and even federal governments. Wages were occasionally paid in barter as well, thereby negatively affecting household monetary income in terms of real wages. Only part of this decline is accounted for by demonetisations, although deflationary policies pushed households to bear the loss of monetary income through a decline in living standards (Clarke, Chapter 7).

The role money played in the market economy is well known. The Locke view of money as "portable", "non-perishable" and intrinsically "worthless" explains the transformation of a barter economy to one in which transactions affect money as the means of exchange. While "portable" and "non-perishable" concern the means of exchange and storage of value respectively, worthless money does not serve the efficiency of transaction; given that "the knowledge that it will not be acceptable to some generation to come leads to the logical certainty that it is worthless today" (p. 16). This comes to be known as the "Hahn-problem". Without such efficiency, the absence of a consensus that makes money as acceptable today as in the future results in a barter economy. In the event the barter system becomes a large phenomenon comprising a large number of traders, while the cost for searching trade partners outside this barter network increases. The Russian experience shows on one side the inadequate trust between trade partners (Humphrey, Chapter 3), more specifically, the absence of the necessary consensus of perpetual social contract makes the Rouble "universally" unacceptable.

The initial inflationary process (Dutta, Chapter 1) may enlighten us as to why the economy draws from the barter system, due to the fact that money is conclusively unable to preserve its value. Nevertheless, by the mid nineties, high inflationary pressures were not under check in the Commonwealth of Independent States, and the high inflation episodes in Latin America did not push the appearance of the barter system on a comparable scale. Yet, bartering kept increasing on all levels by the mid nineties, when inter-firm arrears approached a much unsustainable value (Marin, Kaufmann and Gorochowskij, Chapter 8).

In regards to incentives to barter, Commander and Mummsen (Chapter 5) surveyed 350 enterprises, mostly from the industry sector. It is shown that both tax and credit incentives of the firms and state (fiscal and quasi-fiscal institutions) were most significant. In the absence of an efficient banking sector, individual enterprise incentives were inconsistent with profit maximisation, although for the economy as a whole, it is extremely costly. The banking failure and capital market imperfections did not provide the capital to enterprises. Thus, they lacked the necessary cash to buy inputs and were obliged to find alternative forms of settlements of their mutual obligations. This definitely led to inter-firm arrears, which led to an even larger barter system as it hit certain critical values. According to Marin, Kaufmann and Gorochowskij (Chapter 8), in the Ukrainian experience, such a critical level was reached when arrears reached 30–40% of enterprise sales.

In addition, in a barter economy there is a tendency to overproduce low quality goods (Guriev and Ickes, Chapter 6), which surrogate the money as a means of exchange and restrict trading networks (Prendergast and Stole, Chapter 2). Credit shortages do not lead to a fall in the prices of goods – as it would in a market economy – because either the debts create externalities between creditors or credit constraints are distributed asymmetrically.

The barter system threats the efficiency of the overall economic and social system and the volume brings examples of attempts made to change the situation. Having explored the experience of Siberia, Anderson (Chapter 12) reports some innovations such as surrogate currencies by local and regional authorities introduced to ease barter and reduce inefficiencies. First, an enterprise behaves inefficiently and has no incentives to behave differently because the other enterprises in the system support it. Second, this results in opportunities even if other firms produce better goods at lower prices, and indeed, there is a narrowing knowledge of market opportunities.

Moreover, this phenomenon took place not simply in a bilateral form but rather in networks. This led to unwillingness – at best to firmly slow down – to restructure and improve production and in turn to deteriorate the quality of bartered goods. Taking into account barter and cash sales, natural monopolies can discriminate prices among buyers by offering lower quality goods to barter chins, while keeping the better quality production at higher prices for cash sales. The share of barter in sales is a function of the number of sellers and the probability that a firm is involved in an increased concentration of barter, even if enterprises involved in consumer goods industries are less likely to use a barter system (Guriev and Ickes, Chapter 6).

The volume edited by Seabright combines papers dealing with the theory of barter, both under economical and sociological prospects with many case studies provided throughout the book. Written by leading Russian and Western economists and sociologists, the various contributions apply a concise and authoritative language. Likewise, thoughtful studies provide an abundance of support for the views expressed as well as for future research. The book has become a notable reference tool on non-monetary transactions in Russia and serves as a catalyst in the research of Russian economics. It skilfully merges the inefficiency of production and the possible chains among enterprises that the editor defines in his introduction the "remarkable ingenuity that participants bring to the process of barter exchange" (p. 10). Actually, the editor provides the reader with a broad and exact knowledge of the phenomenon and possible ways to seize the challenges of the new market economy.

Bruno Sergi

V. J. Vanberg
The Constitutions of Markets – Essays in Political Economy
London & New York: Routledge, 2001, 206 pp.

Viktor Vanberg's book was published last year by Routledge in the Foundations of the Market Economy series, which encompasses books in the modern Austrian tradition. The author, who is a professor of Economics at the University of Freiburg, is one of those scholars most familiar with the modern Austrian school of economics, especially with the works of Hayek. "The Constitutions of Markets" is a collection of essays that contains eight articles already published in different places over the past decade.

Through Vanberg' papers the reader is given a complex structure of thoughts about market, legal-institutional frameworks, and the government's role. The papers collected in this volume draw on three theoretical sources: (1) Hayek's views on spontaneous order[1] and on cultural evolution[2], (2) James Buchanan's constitutional political economy, and (3) the Freiburg school of law and economics' concept of Ordnungspolitik. The contributions to "The Constitutions of Markets" show how these three theoretical approaches in economics can be integrated into a coherent constitutional outlook on markets.

In this volume Vanberg gives a coherent set of liberal socio-economic views. He makes a strict distinction between free-market liberalism – which he rejects –

1 See Hayek's theory of spontaneous order and organisations, and that of rules behind them in Hayek (1973).

2 Hayek writes of cultural evolution in several of his books (Hayek, 1967, chapter 4; 1973).

and his own, so-called constitutional liberalism. Through the papers in this book, constitutional liberalism is given a clear-cut content, while also involving implicitly convincing arguments for the need to regard the "problems of liberalism" from a different perspective.

In what follows I give a short overview of some selected papers.

In *Constitutionally constrained and safeguarded competition in markets and politics* Vanberg shows – based on several views of Hayek as a starting point – why market competition is a desirable order and why it has to be embedded in an appropriate constitutional framework. Vanberg starts the analysis with the question of what competition is about. Competition, in a most general sense, is a process in which different parties seek to obtain something that they all strive for, but not all can have. Vanberg points out that competition should be effectively constrained by rules, and societies can differ greatly in the nature of these rules. Following Hayek, Vanberg emphasises that those who argue against all governmental activities misunderstand liberalism.

Vanberg regards competition as constitutionally constrained competition. Hayek already highlighted that in order to operate beneficially, competition is to be restrained by appropriate rules of law, but he did not go into details about what he meant by "appropriate". Vanberg goes on the Hayekian path and points out that the question of what rules are "appropriate" for guiding competition is a question that cannot be answered once and for all, but needs to be re-examined as relevant circumstances change.

Continuing with this view, Vanberg also argues that a beneficially working market needs not only appropriate rules, but also application of devices that safeguard competition from anti-competitive interests. For a better understanding of the problem, Vanberg proposes to distinguish choice at a constitutional and sub-constitutional level, that is, choice among rules and within rules. This distinction became an extremely important element in Vanberg's theory. Because of the knowledge problem[3], it should be everybody's constitutional interest to live in a competitive order. Hayek proved this. At a sub-constitutional level, competition is desirable for those who are competed for, and it is not desirable for those who have to compete. As a consequence, the individual who chooses competition as a general order may desire the restriction of competition in this order, because these two choices relate to different things. I consider the Vanbergian distinction of constitutional and sub-constitutional choice a genial thought, on the basis of which one can provide an explanation for several similar problems.

[3] According to Hayek (1945, p. 78), knowledge available in any economy is inevitably incomplete and is distributed among individuals. Distributed knowledge has to be coordinated, which is problematic. The coordination of distributed knowledge has to be considered a major economic problem.

In another contribution, „*Markets and regulation: the contrast between free-market liberalism and constitutional liberalism*" Vanberg gives an account of the confrontation between free-market liberalism and constitutional liberalism as regards market regulation. For liberal economists, the concept that the market is an arena of voluntary choices and exchanges has to be considered a major argument in favour of the market. Free-market liberalism is based on the notion of unhampered (unregulated) market, and in this sense, it is against any governmental intervention (regulation). As opposed to this, according to Vanbergian constitutional liberalism, governmental rules are desirable as long as they promote the idea that "better service for consumers is, ideally, the only route to business success" (p. 32).

The major question in this article is why market has to be inevitably regulated. For an explanation, Vanberg distinguishes two kinds of regulation: (1) regulation as intervention in the market process (regulation by commands), (2) regulation as framing of the market process (regulation by rules). The first kind of regulation, – where governments regulate by commands, and tell market participants how they are to play the game – has to be rejected, because this kind of regulation is in conflict with the purpose (wealth-creating) of the game (market competition). As opposed to this, as Vanberg argues, where governments regulate by rules, that is, they redefine the framework within which the game is played, the purpose of the game is not violated. Constitutional liberalism, proposed by Vanberg, "does not claim to provide us with an universal criterion that allows for a straightforward and a priori answer to the question of which rules are to be recognised as constitutive of a desirable market order and which rules are to be rejected as hampering regulation" (pp. 22–23). "In other words, the question of desirability of regulation cannot be an issue of unrestricted versus restricted rights because a market based on literally unrestricted rights is unimaginable. It can only be an issue of which kinds of restrictions are overall more beneficial" (p. 25). I think that this claim has an important message for those who misunderstand liberalism.

In the article *Hayek's theory of rules and the modern state* we are given an account of Hayek's ideas relative to the state. Hayek's socio-economic theory is a complex one, in which his views on the role of the state derive from his ideas about rules and spontaneous market process. That is the reason why I think that for a perfect understanding of this paper by Vanberg, one should be familiar with Hayek's thoughts elaborated on in the first volume of "Law, Legislation and Liberty".

Hayek thinks that social order is necessarily a spontaneous order, in which the principal task of the government is to create and maintain an appropriate institutional framework within which individuals can successfully pursue their purposes. The second task of the government is what Hayek calls "service functions", i.e. rendering services the market order cannot produce adequately.

Vanberg presents the Hayekian ideas on the constitution of a state. According to Hayek, there are two kinds of rules: (1) constituting rules, which are concerned with the organisation of the government and the allocation of power within the government[4], and (2) limiting rules, which define general constraints on what the government can do, i.e. they define the share of resources to be controlled by the state. In "Rules and Choice in Economics" (1994), Vanberg also makes it clear that the first kind of rules related to democracy, the second one to liberalism. This is important to be noted because the contents of liberalism and democracy are often confused, at least in everyday rhetoric.[5]

Henceforth, Vanberg summarises the Hayekian criticism on modern democracies: the principal defect is that the government implements two different tasks related to these two different kinds of rules simultaneously, although the legislative and administrative bodies should be separated.

The last contribution to this volume, *A constitutional economics perspective on international trade* – which, on the basis of its title, does not seem to fit into this collection – should be regarded as the continuation of the previous articles: what was said before is applied here to the understanding of some exciting questions of international trade. Vanberg does not want to enter the long-standing debate on international trade and protectionism; he intends to discuss the problems of free-trade-protectionism at a deeper level, from the point of view of constitutional political economy.

The fact that countries advocating free trade often use protectionism devices at the same time is a common paradox of international trade. In order to resolve this contradiction, Vanberg applies the distinction between choices at a constitutional and at a sub-constitutional level, which he proposes in one of the previous papers already discussed. He proves that there is nothing inconsistent about advocating free trade at a constitutional level while seeking protection at a sub-constitutional level.

Later, Vanberg raises another important question: why is it, that despite the existence of international agreements on trade no effective solutions are provided for the problem of protection. He argues that the problem lies in enforceability:

4 That is, constituting rules determine how resources subject to governmental authority are to be administered, they determine the procedures on the basis of which decisions are to be made.

5 Democracy and liberalism are compatible with each other, but they are not identical. The former concerns the issue of who controls the government apparatus, the latter is concerned with the question of how the government's power can be limited effectively.

there is no third party enforcer out there the contracting governments could turn to, and there is no chance to establish an effective international enforcement agency.

This volume is certainly of the thought-provoking kind, also opening up new perspectives for further research:

- The theory of the market process (modern Austrian school) should not be considered as a theory of the market. The point is that the theory of the market process is about the dynamics of the market and not about what the market is as such, and to understand the working mechanism of the market, it is sufficient to suppose that the market does exist. Therefore, the question what the market is should also be raised.
- The notion of competitive market approached from a new perspective does not mean perfect competition. The competitive market has a different definition from the one in standard economics. Further research is needed to clarify this notion, also with respect to monopolistic effects.
- The different schools of economics are much closer to each other than we think. The first steps in the integration of some ideas of the New Institutional Economics and the modern Austrian economics have already been taken. It would surely yield interesting results if the explanations of the nature and the role of the firm and that of the market were given in relation to each other. This view was implicitly supported by Vanberg's present volume as well.

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Zs. Bekker (ed.)
A magyar közgazdasági gondolkodás (Hungarian Economic Thinking)
Budapest: Aula, 2002, 856 pp.

On 30 May 2002 a book was introduced at the Budapest University of Economics and State Administration. This volume is unique from the point of view of the history of economic thought and is of extraordinary significance. The volume was published as the second part of the series "Readings from Economic Theory". Opposed to the previous book *"Alapművek, alapirányzatok" (Basic Works, Basic Trends*), a high-quality composition prepared from the masterpieces of international economic thinking, the current volume focuses on the rather unexplored heritage of Hungarian economic thinking. The compilation is a uniquely rich, overall work, filling a huge gap in the scholarly literature, illustrating the development of Hungarian economic thinking.

By preparing this volume the editors and authors honour the renowned representatives of Hungarian economic thinking on the one hand and provide a serious academic achievement on the other. As time goes on, we tend to believe that things we do not talk about cease to exist. The results of Hungarian economic thinking are too valuable to be forgotten. One of the greatest merits of the team led by Zsuzsa Bekker is the fact that recognising the above it acted and replaced the deficiency, which had been apparent for long decades.

The book embraces almost four centuries of Hungarian economic thinking, actually starting from the beginnings of economic literature (the first excerpt is from 1583) through the Reform Age and the Age of Compromise to the economic thinking of the period between the two world wars (the last excerpt of the book is from 1947). The breakdown into ages is a basic issue for each work of historical nature. On determining the contents of chapters the editors divided works and authors, accepting the chronological breakdown specified by Kautz into the following four ages: (1) The beginnings of economic literature (from the 16th century to 1825); (2) Reform Age (Széchenyi Age; 1825–1849); (3) Age of Compromise and Fin de Siècle (1850–1914); (4) Economics between the two world wars (simultaneous presence of various trends in economic thinking; 1914–1944).[1]

Similarly to that of the former publication the genre of the book is threefold: original texts appear together with the biographies of the authors and age analyses. The publication of original materials broadens and narrows potential inter-

[1] The acceptance of the chronological breakdown by Kautz had a role to preserve traditions on the one hand, but was also supported by professional arguments and experiences on the other, since the chosen practice is not without precedent. For example Schumpeter's history of theory regards the years 1790, 1870, 1914 dates as of historical significance in respect of economic thinking.

pretations related to economic thinking at the same time. It broadens them because, mainly in the early age, economic thinking manifested itself in a wide variety of forms (poem, pamphlet, memorandum) covering various areas (e.g. statistics, agriculture, economic policy). It narrows them in the sense that these extracts are intellectual products, attributed to individuals rather than collective products. According to Schumpeter the history of economic analysis is the history of intellectual efforts made by economic theorists to understand economic phenomena. The extracts in the volume are authentic communications of some significant intellectual efforts.

The chapters include studies – the majority of which are fully unknown to contemporary Hungarian economists – by more than 50 Hungarian authors, in original, authentic Hungarian language. The language as a form of expressing one's thoughts received a role to be separately interpreted in this work. While objective and accurate information of the history of economic theory can be received when reading the book, the reader gets insight into contemporary wording and the development of Hungarian economic terminology.

Without the aim of completeness let us just mention a few of the contributors: István Báthori, János Apáczai Csere, Mátyás Bél, Sámuel Tessedik or Gergely Berzeviczy before 1800; among others Elek Fényes, Lajos Kossuth, István Széchenyi, Miklós Wesselényi from the first half of the 19th century; Béla Jankovich, Sándor Károlyi, Gyula Kautz, Károly Keleti, Menyhért Lónyai or Jenő Varga from the Age of Compromise; and first of all Gyula Abay Neubauer, Károly Balás, Frigyes Fellner, Béla Földes, Ákos Navratil, Tivadar Surányi-Unger, Ede Theiss or Beatrix Takaró-Gáll between the two world wars.

The collection also illustrates the dichotomy typical of Hungarian economic thinking in general from the beginnings: on the one hand the impact of Western European "mainstream" economic thinking and on the other the system of ideas of the German thinking tradition prevailing in the countries of the region. Examples abound in all the "ages". In the Reform Age Széchenyi was inspired by fundamental works of the English school when writing "Credit" (1830). His famous contemporary, Kossuth, however, shared the views of Friedrich List, the great German national economist, in his political argumentation. Kautz applied the ideas of the English classical school on the one hand, but learned a lot from the German historical school, especially from Roscher, as well. Farkas Heller, an outstanding figure of the first half of the 20th century, is often regarded as the best Hungarian representative of the Austrian school. In the same period the younger generation collected information intensively, Theiss, a disciple of Heller already dealt with econometrics and kept consultations with Irving Fisher. It was then that the big generation of Hungarian economic thinking (Thomas Balogh, William Fellner, Nicholas Káldor, Tibor Scitovsky) entered the stage, who finally did not complete their careers in Hungary but pursued a scientific career in the main centres of the world.

In the period between the two world wars we can speak of a generation of scholars, who, with their versatility, are already accepted and are not only one-time participants of international economic thought. The leading scholars and also the representatives of the middle generation, selected in the volume, regularly published their works in international, mainly German periodicals (*Zeitschrift für Nationalökonomie, Schmollers Jahrbuch, Jahrbücher für Nationalökonomie und Statistik, Weltwirtschaftliches Archiv*), but the English journals (*The Economic Journal, The Journal of Political Economy, Econometrica*) besides Hungarian publications.

Both the age analyses at the beginning of each chapter and the authors' profiles at the end of the chapters contribute to a more complete recognition of the social-intellectual context in which the given ideas were born. At the end of each profile the main works of the author are listed, as well as suggested literature may serve as a practical guide to researchers who are more interested in the area.

The last chapter of the volume gives a brief introduction to contemporary Central and Eastern European trends (cameralism, economic romanticism, German historical school, Austrian school, universalism) that had an impact on Hungarian economic thinking. At the end of the book you can find a very useful appendix, which, in addition to the summary of Hungarian history of statistics, includes the list of economists who were members of the Academy from the foundation of the Hungarian Academy of Sciences until the Second World War.

This work is of extraordinary significance for Hungarian economic education, especially for the education of the history of economic theory. Generally information and knowledge on several renowned foreign economists and trends of international economic thinking are provided to students, while the valuable activities of Hungarian economic theorists remain unknown to them in several aspects. Although individual research ambitions or academics' efforts already dealt with the detailed analysis and introduction of the activities of some outstanding Hungarian economists, no works before have attempted to overview, and systemise the history of Hungarian economic thinking. The recently published book fills in a gap from this aspect and has a popularising role as well.

Taken as a whole, we have to thank the editors for this book, which is not only an interesting and useful work for those interested, either professional or inexperienced in economics, but also a pleasant reading.

Krisztina Majoros