Germany and the United States were not possible until German industrial and political elites acquiesced to U.S. conceptions of market and democratic order. This involved, above all, agreeing to embrace American-style competition rules, in particular adopting a blanket ban on cartelization and embracing oligopolistic competition. By the end of the 1950s, this transformation was accomplished. Germany had achieved a "special" place in the postwar political and economic order in Europe, due not only to its size and industrial strength, but also to its commitment to American-style competition rules.

Berghahn has been developing this important set of observations about postwar German business transformation for years. He deploys a creative mixture of generational analysis—younger German managers, with significant experience in and with the United States, were more open to the new-style American principles than their more organic German forefathers—with political economic analysis of policy entrepreneurs and interest groupings working in the background to create an institutional framework for more democratic capitalism. This current book has all of the strengths of his previous work, combined with a longer arc of narrative and more elite American voices. The pairing of this story with the British one underscores the profoundly political character of the economic and industrial changes bound up with the twentieth-century shift from British to American hegemony.

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Keynes: Useful Economics for the World Economy. *By Peter Temin and David Vines*. Cambridge, Mass.: MIT Press, 2014. xiii + 117 pp. Figures, index. Cloth, $24.95. ISBN: 978-0-262-02831-8.

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Reviewed by David Chambers

The 2008 financial crisis and its aftermath proved a great stimulus to public interest in Keynes and his writings as the world sought to make sense of events, particularly in the context of the 1930s. This concise book makes a valuable contribution in this regard. In general, the authors succeed in making their exposition of Keynes's economic theorizing and ideas highly accessible to their target readership, "the more informed citizen" (p. xii). They also succeed in their objectives of both making clear that Keynes's economic theories extended beyond those expounded in *The General Theory* and applying his ideas to the main economic problems and policy debates of today.

Chapter 1 presents a very accessible introduction to economic thinking before Keynes, based on the writings of David Hume, concentrating on the quantity theory of money and the price-specie-flow mechanism. This chapter then proceeds to consider the problems that this simple model of an eighteenth-century atomistic, open economy needed to confront by Keynes's time—namely, the increased role of banks in the creation of money and credit, together with the rise of large firms and powerful trade unions that succeeded in making prices and wages sticky. The latter in particular resulted in unemployment, the primary economic problem of the interwar period and the focus of Keynes's attention.

Chapter 2 introduces us to Keynes's economic thinking, starting with *The Economic Consequences of the Peace*, written in 1919. Keynes was always a great observer of the world around him and a student of economic history. Hence, he realized the importance of export-led growth and the role that Germany played in driving the growth of the European economy in the second half of the nineteenth century. He therefore saw how the excessive war reparations imposed on Germany by the Allies would be destructive and deflationary for the European economy as a whole. While Germany would be cutting back its own imports, squeezing exports of the other European countries, where exactly was the extra demand necessary to purchase the increased German exports required to pay down war debts supposed to come from? As the authors point out, this was one of the first conceptualizations of what we recognize today as a *transfer problem* in international economic relations.

Chapter 3 jumps to a review of Keynes's economic ideas in 1930, at the time he was giving evidence to the Macmillan Committee. The authors point out that his thinking was still in a state of flux and was constricted by working within the confines of both a classical model, with its assumptions of flexible prices, and an economy always at full employment. Keynes was therefore unable to persuade the Committee of the merit of his innovative suggestion to adopt a policy of increased public expenditure in order to boost employment and output.

Chapter 4 introduces Marshallian economics and makes the excellent point that economics in 1930 was dominated by microeconomics, as macroeconomics had as yet little content as a subject. The authors' discussion of demand and supply curves in the context of the labor market and the money market give the reader a clear idea of why classical economists believed that (a) cutting wages would allow the labor market to clear at full employment and (b) increasing public expenditure would raise the interest rate and thereby simply crowd out private investment.

Chapters 5 and 6 deal with the General Theory, describing how Keynes finally parted company with the classical model in the early 1930s and, in so doing, developed three key ideas. Chapter 5 describes the first of Keynes's critical innovations, namely, the consumption function. Keynes conceived separate savings and investment functions, with both consumption and savings dependent on income. Chapter 6 introduces two other critical innovations in the General Theory: the investment function, where animal spirits and interest rates are the determinants of private investment, and liquidity preference, the idea that individuals could demand money for speculative reasons as an alternative to holding bonds. The latter innovation now meant that the demand and supply of money could determine the interest rate and in turn affect output via the investment function. Keynes could now categorically show that Montagu Norman was wrong about Bank of England discount rate policy not affecting output and employment.

The beginning of chapter 7 has a very nice discussion of how Keynes was the first to think about macroeconomics, defined by the authors as "the study of a subject in which everything affects everything else" (p. 66). Marshallian economics had done the opposite, by examining each market (labor, goods, money) in isolation from the others. The authors go on to consider the problem of the Liquidity Trap and to draw a comparison between the post-1929 and the post-2008 worlds of "zero lower bound" interest rates.

The General Theory dealt exclusively with a closed economy. Chapter 8 escorts the reader into the international open economy and introduces the Swan diagram, which emphasizes the need to think about both internal and external balance in setting policy. The authors argue that Keynes had set out the structure underlying the Swan diagram in the period between 1941 and 1944 at the Treasury while grappling with the problem of how the British economy would cope with achieving full employment and avoiding balance of payments deficits in the postwar international economy.

The final two chapters of the book examine how Keynes's ideas can be adapted to think about more recent economic events. Chapter 9 discusses how the Keynesian model was severely challenged by the supply-side shocks of the 1970s. Understandably, Keynes had never conceived of inflation and unemployment coexisting. The chapter ends with a good introduction to the differences between Keynesians and non-Keynesians as to whether or not there is a role for demand management. Chapter 10 looks through a Keynesian lens at two contemporary problems, global imbalances and the imbalances between Germany and the periphery inside the Eurozone, and illustrates how the simple tools described in earlier chapters can make these problems easier to understand.

I have two quibbles about the book. First, the discussion of quantitative easing in chapter 7 is unsatisfactory; the authors simply assert that it does not work. A bit more discussion on this topic would not have been amiss. The other is that the book would have benefited from a short section at the end of each chapter pointing the interested reader towards further reading on the key economic ideas raised. Overall, however, the book is a valuable contribution to the growing literature on Keynes. It may prove particularly useful for students new to economics as a complement to an introductory macroeconomics textbook in giving them the intellectual foundations of the IS-LM framework with which they will be grappling.

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Finding Equilibrium: Arrow, Debreu, McKenzie, and the Problem of Scientific Credit. *By Till Düppe and E. Roy Weintraub*. Princeton: Princeton University Press, 2014. xxv + 276 pp. Photographs, references, index. Cloth, $39.50. ISBN: 978-0-691-15664-4.
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Reviewed by Tobias F. Rötheli

This remarkable text recounts the developments leading up to an outstanding achievement in modern economic theory. The matter at issue is the clarification of a long-standing conjecture in economics concerning the question of whether there exists a set of prices for a market economy populated by profit-seeking firms and utility-maximizing consumers that brings all markets to a state of equilibrium. The existence of this "general equilibrium," in which all supplies match their corresponding demands, was conjectured in the 1870s by Leon Walras, but the mathematical techniques needed to rigorously address this proposition did not become available until well into the twentieth century. This book, by Till Düppe and Roy Weintraub, tracks the course of economic theory, particularly during the 1930s, the war years, and the immediate postwar years. Several elements are described as critical in this process of scientific