

that human rationality was too frail to design the best institutions and that society should rely on processes of “spontaneous evolution,” even as he was a fierce advocate of rational market institutions that had been losing out to the evolutionary trends of his own times.

Hoover paints this intellectual landscape with a progressive brush. Although he is not explicit about this, it is evident that his own religion consists of reason, progress, equality, and democracy. Traditional religion has little role to play in his version of history except by its absence in the lives of his main protagonists and the need to find secular substitutes. His judgments of Hayek are not altogether fair, but, in the end, they are less harsh than those of many of his progressive predecessors.

*Economics as Ideology* is, in short, popular intellectual history at a high level. For those seeking both an engaging review of the economic ideas that shaped much of the history of the twentieth century and short biographies of three principals in formulating and advancing these ideas, it is an enlightening and illuminating work.

—Robert H. Nelson  
*University of Maryland*

## Lehrbuch der Nationalökonomie (Teaching Guide to Economics)

**Heinrich Pesch, S.J.**

**Translated by Rupert J. Ederer**

Lewiston, New York: Edwin Mellen Press, 2002–2003 (10 volumes)

Rupert Ederer, an economics professor (now emeritus) at the State University of New York at Buffalo, has devoted much of his scholarly career to the translation and promotion of the work of the German Jesuit, Heinrich Pesch. Ederer’s crowning achievement is this ten-volume translation of Pesch’s magnum opus, the *Lehrbuch*.

The series is introduced with helpful essays on Pesch’s life, work, and significance by Ederer and Edward J. O’Boyle. Pesch (1854–1926) was born and lived most of his life in Germany, but he completed his theological studies in England from 1885–1888, observing the practice of liberal capitalism, Ederer notes, “in the same setting as Friedrich Engels and Karl Marx.” The young Jesuit resolved to relieve the plight of poor workers, and this aim inspired his subsequent scholarly career in the field of economics.

Pesch had privately studied economics for years before he took up formal training in the subject at the University of Berlin in 1901. Shortly after finishing his study there, he began work on the *Lehrbuch*, spending the next thirteen years at the task. In his main work and in the more than one hundred other publications he produced, Pesch formulated and advocated an approach to economics that he called *solidarism*. Pesch was also an influential mentor of other German Jesuits, such as Oswald von Nell-Breuning, who was deeply involved in the drafting of Pope Pius XI’s 1931 encyclical, *Quadragesimo Anno*.

For Pesch, economics has both practical and normative dimensions and has as its object and aim the provision of material well-being for the people of a nation. In Pesch's own description, solidarist economics took up a middle ground between individualist economists such as Adam Smith, Ludwig von Mises, and the Manchester School, and collectivist economists such as Marx. Pesch did not neglect the welfare of the individual, to be sure, but the indispensable element in a properly solidarist economy was a range of economic institutions between the individual and the state that would help to channel and limit the simple pursuit of self-interest on the part of the individual.

As this brief explanation of Pesch's work indicates, his thought is not easy to place in the conventional categories of economic history. In the *Lehrbuch*, there are many points at which his analysis is consistent (often explicitly so) with the ideas of Smith, Menger, Böhm-Bawerk, and other "individualists." Some accounts place Pesch in line with the German Historical School of economics, but he is often critical of historical economists (as well as the related "socialists of the chair") such as Gustav Schmoller. In sum, Pesch might be said to be indebted to much of the analysis of the classical school of economics but opposed to any commitment to methodological individualism that precludes normative concerns from being introduced into the field of economics. Seeing both value and limitations in Austrian, mathematical, and historical approaches to economics, Pesch was a methodological pluralist.

The first volume of the *Lehrbuch* translation begins with a discussion of anthropology, including a treatment of the concept of self-interest. Pesch discusses value theory, marginal utility theory, the organic character of the economy, and private property.

In the second volume, Pesch explains the concept of the national economy and discusses the nature of economics as a social science, as well as its laws and methodology. He describes solidarism as a system between the "absolute centralization" of socialism and "absolute decentralization" of individualism.

Volumes 3 and 4 concern economic systems and the causes of national wealth. Pesch discusses mercantilism, the physiocratic system, "Adam Smith's individualistic system of industry," socialism, and solidarism. He focuses on the connections between geography, population, religion, and economic progress, and offers critiques of Richard Malthus and Max Weber.

The fifth and sixth volumes continue the analysis of the causes of wealth, this time treating "active" causes such as the individual, the enterprise, and syndical and cooperative groupings of economic units. Volume six focuses on occupational groups—a key piece of Pesch's solidarism. It also includes a discussion of the state.

Volumes 7 and 8 concern consumption and production. Volume eight examines factors of production such as nature, technology, and labor, as well as "branches of production" such as agriculture, mining, industry, and handcraft.

Volume 9 deals with exchange, value, price, money, trade, the banking system, the exchange system (stock markets and so forth), and the transportation system. In the final volume, on income and wealth, Pesch treats wages (family, minimum), entrepreneurial income, rents, agricultural income, and "disturbances in the economic process," including economic crises and strikes.

Pesch is a sophisticated thinker about whom generalizations are difficult. Those who think of the German economist as a proto-fascist corporatist will be surprised to find stalwart defenses of private property, an understanding of self-interest as useful if channeled appropriately, an explication of society as a means to the final goals of individual men, and appreciation of the role of business enterprise and the entrepreneur. However, neoclassical and Austrian economists will not view Pesch as one of their own, considering his acceptance of a valuable role for tariffs, his conventional view of economic history as the domination of labor by capital, and his criticism of Smith, Mises, Bastiat, and other heroes of free-market economics.

Too often, Pesch's sophistication slips into lack of clarity. On the critical question of the relationship of occupational groups to the state, Pesch is ambivalent if not contradictory. He cautions that advocates of solidarism not "try to force modern conditions into the 'old channels' of the guilds. Organic structures must come into being in organic fashion.... Vital organizations do not arise by compulsion.... The organization of society remains first of all the work of society, not of the state" (5:406). Elsewhere, however, he implies that state-mandated membership in such groups can be appropriate (6:4-5).

On another critical question, concerning the relationship between Catholic teaching and economics, the Jesuit economist is perfectly clear: "Catholicism offers the world no economic system; and it is not tied to any one particular economic structure; nor does it bind one to some particular economic system" (6: 49).

The text reads well, but the preface, introduction, and even covers are riddled with typographical errors. Each volume concludes with a bibliography of works by Pesch that are currently available in English, works about Pesch and solidarism, and works "in the solidarist tradition" in English, as well as a person index and a subject index.

Obviously a brief review cannot do justice to a ten-volume series. The work offers intriguing discussions about many topics of perennial interest in economics, such as value theory, the nature of economic science, and the role of the state. It also contains much technical material on the German economy that only specialists will appreciate. At the least, Ederer's translation is valuable in providing access for English readers to an important thinker in the history of economics, Catholic social thought, and German economic history. Whether or not a large and significant group of contemporary economists will find Pesch's work a compelling model for the practice of their trade remains to be seen.

—Kevin Schmiesing  
*Acton Institute*