

MONETARY THEORY AND THE  
TRADE CYCLE

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MONETARY THEORY AND THE  
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MONETARY THEORY  
AND THE  
TRADE CYCLE

*by*

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## INTRODUCTION TO THE SERIES

THE science of Economics, like all other branches of knowledge, recognizes no limitation by national boundaries. Contiguity of residence may give a certain unity to the speculation of particular groups of economists, a tradition of good teaching may give a presumption of excellence to the products of particular seminars; and in this sense it is not foolish to speak of local schools of economic thought, or to attach geographical labels to particular theories. But to speak of Economics, as distinct from economists, in terms of national or municipal classifications, to distinguish an English Economics from a Continental Economics, and so on, has no more sense than to speak of English Arithmetic. The criteria of scientific validity take no account of origins, and the economist who refused to avail himself of a particular set of propositions because they were foreign would be acting no less unscientifically than the chemist or physicist who acted on

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similar principles. It has been well said that there are only two kinds of Economics — good Economics and bad Economics. All other classifications are misleading.

Unfortunately, the economist, far more than the practitioner of the natural sciences, is victim to the curse of Babel. The chemist and the physicist — dealing as they do with tangible and quantitative relations between easily definable things — can converse in what to all intents and purposes is an international language. A very modest linguistic equipment is sufficient to enable one to follow all the chief contributions in such branches of science. In Economics this is not so. The complicated social relationships which are its chief preoccupation lend themselves much less to merely symbolic analysis. No doubt, even here, mathematical methods can be of considerable use both in assisting thought and in securing complete precision. But the description of what the symbols represent, the delimitation and interpretation of concepts, these are matters which, in the social sciences, require a wealth of qualitative terminology and a subtlety of expression calculated

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to strain to the full the resources of any language. Small wonder, then, that the professional economist, with limited time and limited powers at his disposal, will often conclude that depth is to be preferred to breadth and that a more intensive exploitation of the resources available to him in his own language is likely to yield more than the attempt to assimilate material only available in foreign tongues. Small wonder too that, in consequence of these conditions, there is probably more overlapping and wasteful duplication of effort in Economics than in any other branch of scientific knowledge. I know of no natural science in which it would be possible for a man to devote years to the discovery of propositions which are already commonplaces in language areas other than his own. It is notorious that in Economics this frequently happens.

It follows, therefore, that, in Economics, even more than elsewhere, there is an urgent need for a continuous series of translations which shall make available to economists in different countries the results of investigations in languages other than their own. In England before the war

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this need was beginning to be met. The Bruce translation of Pantaleoni, the Wotzel translation of Pierson, the Smart translations of Böhm-Bawerk, are examples of work of a high order of scholarship and literary excellence which kept us in touch with the best products of contemporary thought abroad. But the war (which upset so many good things) interrupted this process of internationalization, and since the war it has not been completely resumed. This series is an attempt to make good the gap — to make available to English and American readers the chief recent contributions in foreign languages to the advancement of Economic Science.

It is unnecessary to introduce at length the author of the present volume, Professor von Hayek, until recently Director of the Austrian Institut für Konjunkturforschung, now Tooke Professor of Economic Science and Statistics in the University of London. Professor Hayek's *Prices and Production*, and his various contributions to *Economica* and the *Economic Journal* will already have made him familiar to most English



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readers interested in recent developments in the theory of money and credit. The present volume, *Monetary Theory and the Trade Cycle*, is a translation of a work which was published in Austria before *Prices and Production*, and which deals with the problem of trade fluctuation from a more general point of view. The preface makes clear the precise relationship between this work and the author's other investigations in the same field.

LIONEL ROBBINS

The London School of Economics

*September 1932*

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