

to push new ideas or applications." A few "fixes" that Gansler feels would result in a cheaper *and* better war machine: Subdivide R&D and production assignments among separate businesses; require prime contractors to have many sources of parts; make cost compete with—but not necessarily override—performance as the chief criterion for design decisions. Gansler estimates that "the last 5 percent of performance often results in a 50 percent cost increase." Under the present system, he says, the United States fails to get enough bang for the buck.

**THE CRISIS IN  
ECONOMIC THEORY**

edited by Irving Kristol and  
Nathan Glazer  
Basic, 1981  
242 pp. \$13.95 cloth,  
\$4.95 paper

First published as a special issue of *The Public Interest*, this collection of 12 essays surveys 400 years of economic theory. Sociologist Peter F. Drucker outlines the big movements—mercantilism, physiocracy, classical and neoclassical economics, the various shades of Keynesianism, and monetarism. He contends that economists need a new definition of "wealth"—not money or land or labor, as in the past, but productivity, "knowledge applied to resources through human work." Economist James W. Dean discusses Keynesian "fine-tuning" by Paul Samuelson et al. and the revolt—victorious for the moment in Britain and America—against Keynes led by "supply side" economists such as Arthur Laffer. All agree that economic theory has so far failed to come to grips with runaway inflation and lagging capital formation. Co-editor Kristol accuses radical economists on both the Left and Right of formulating useless "rationalist-utopias." He urges adherence to Adam Smith's tenets: Men are "incorrigibly interested in improving their material progress"; when they are given free rein, economic growth occurs, and, "in the long run," everyone's lot improves "however unequally." But economist Paul Davidson recalls Keynes's rejoinder that "*in the long run*, we are all dead." And sociologist Daniel Bell observes that economists, ever striving to be "scientific," often overlook the way people actually behave.