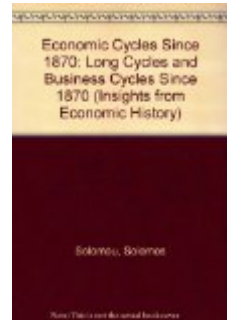


**Solomos Solomou.** *Economic Cycles: Long Cycles and Business Cycles since 1870.* Manchester: Manchester University Press, 1998. x + 132 pp. \$79.95, cloth, ISBN 978-0-7190-4150-1.



**Reviewed by** Forrest Capie

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To the economic historian it seems odd that from time to time economists talk about the end of the business cycle. In the late 1920s, economists, in the U.S. in particular, were proclaiming an end of the business cycle, after a long period of boom. Unfortunately, there followed almost immediately the worst cyclical downturn of all times--though that did not seem to dent the reputation of economists. Again in the 1960s macroeconomists were talking of the end of the business cycle, regrettably just before the worst postwar recession. (Look out for these forecasts and sell!) Solomou's plea is that for any study of business cycles a long historical period needs to be held in view; and when it is, it can of course be seen, that while the nature of the cycle changes, the cycle does not disappear. One of the many splendid things about this short book is to knock the "death of the business cycle" story on the head, and indeed go further and accept that cycles will always be present.

The book is in a series designed for students, policymakers, and practitioners. In other words it is designed to survey the literature on the subject

in a critical way and summarize the principal strands. It is in two main parts. The first and somewhat longer part is on business cycles since 1870, and the second is on long economic fluctuations. Each of these parts has appended a substantial bibliography; and there is a short concluding chapter on the lessons that can be drawn from a consideration of the analysis.

There are two principal ways of looking at business cycles. One is to see them as the consequence of internally generated dynamics, and the other is to see external shocks as the source. And there is the possibility of international transmission through a fixed exchange-rate system. Solomou considers these approaches, examines the main types of shocks, describes cyclical behavior across the period, and provides an explanation based on an analysis. In the process he brings out the considerable differences in cyclical behavior in the three periods: 1870-1914, 1919-39, and 1945 onwards. The second part of the book deals with two kinds of cycles: Kuznets (20 years), and Kondratiev (50 years). There has been more interest in recent times on the latter but both of these re-

quire an even longer historical period for description and analysis; but then lack of data quickly becomes a problem.

If reviewers are obliged to find a fault, mine would be to query the significance attributed to the role of agriculture in the cycle after 1870. If it was simply claimed that weather was a significant shock there would be little cause for complaint since there is a case for the construction and perhaps other sectors being seriously affected. But that would be to quibble and the wrong note on which to end, for this book can be recommended unreservedly to undergraduates and others.

Forrest Capie has written, co-written or edited sixteen books and over a hundred articles on monetary, banking and trade topics. His recent publications include: *Tariffs and Growth* (Manchester University Press, 1994); *The Future of Central Banking* (Cambridge University Press 1995) with Charles Goodhart and Stanley Fischer; *Monetary Economics in the 1990s* (Macmillan 1996); and *Asset Prices and the Real Economy* ed. with G. E. Wood (Macmillan 1997). He is Editor of the *Economic History Review*.

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