

# WILEY



---

Review

Author(s): L. L. Price

Review by: L. L. Price

Source: *The Economic Journal*, Vol. 2, No. 6 (Jun., 1892), pp. 316-320

Published by: Wiley on behalf of the Royal Economic Society

Stable URL: <http://www.jstor.org/stable/2956151>

Accessed: 27-06-2016 05:09 UTC

---

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at

<http://about.jstor.org/terms>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).



*Wiley, Royal Economic Society* are collaborating with JSTOR to digitize, preserve and extend access to *The Economic Journal*

## REVIEWS

*Elements of Economics of Industry.* By ALFRED MARSHALL.  
London: Macmillan & Co., 1892.

IN this volume, which bears on the title-page the additional description of 'being the first volume of *Elements of Economics*,' Professor Marshall has attempted to 'adapt the first volume' of his *Principles of Economics* 'to the needs of junior students.' 'The necessary abridgment,' he states in the Preface, 'has been effected not by systematic compression so much as by the omission of many discussions on points of minor importance and of some difficult theoretical investigations.' 'The argumentative parts of the *Principles* are therefore as a rule either reproduced in full or omitted altogether: reference in the latter case being made in footnotes to the corresponding places in the larger Treatises. Notes and discussions of a literary character have generally been omitted.'

The present reviewer has already endeavoured, in the pages of this *Journal*,<sup>1</sup> to give some expression to the admiration which he feels for Professor Marshall's *Principles of Economics*, and to form some estimate of the unique position which it seems destined to occupy in contemporary economic literature; and it would be a presumptuous and wearisome task to repeat these remarks, when reviewing what is in the main a reproduction in brief of the larger work. But the present volume contains a chapter on Trade Unions, to which there is no counterpart in the *Principles*, and to this he may perhaps profitably devote some attention; while the appearance of Professor Marshall's contributions to the development of economics in a shape designedly intended for the instruction of 'junior students' may serve as a fitting occasion to emphasise the educational superiority, which his presentation of the subject seems to enjoy over that of many, if not most, of his contemporaries, and predecessors, in the possession of a pervading sense of unity. The separation of economics into distinct departments, which have become traditional, is apt to mislead the student, and especially the junior

<sup>1</sup> See *Economic Journal*, March, 1892.—EDITOR.

student ; and he needs to have again and again borne home upon his mind, as a corrective of possible error, the unity which connects these apparently separate inquiries. If he can once seize hold of the conception of an underlying unity, he may obtain a firm and comprehensive grasp of the subject, and acquire and retain a conviction that he is engaged in a systematic study, which will lead to useful results ; but, without such a conception, it is only too probable that he will carry away a dim apprehension of confused phenomena, unrelated to one another, or a lurking suspicion that he has been troubling his head with arbitrary definitions and artificial, because cut and dried, distinctions. We know of no book in which this saving sense of a pervading unity is more manifest than it is in Professor Marshall's *Principles*, and we welcome the assistance thus afforded to junior students in what may now be called the new *Economics of Industry*. Regarded from the educational standpoint, we think that the teacher has at last a book in the contents of which it is a real pleasure and a genuine advantage to instruct others and to be one's self instructed.

One other remark we desire to make on the merits of the book regarded from the educational point of view. Nothing is more disheartening to the young student, nothing more calculated to make him entertain an unworthy conception of the importance and advantage of the study in which he is engaged, than to find a writer depreciating the results obtained by his predecessors, and insisting on the necessity of a wholly new departure and an uncompromising abandonment of the teaching of the past. This tendency to break with the past is a natural inclination of human nature, which has had an unfortunate prominence in the history of economics ; but it is a tendency which Professor Marshall resists to the uttermost. On nothing, perhaps, does he lay greater stress than on the continuity of economic thought as developed by the great masters, who contributed, each in their place and turn, one or more stones to the building of an orderly structure. We know of no book in which this mode of regarding the course and results of economic study is more pronounced, and we believe that it would be difficult to overrate its advantage from a merely educational point of view.

In adapting his larger book to the needs of junior students. Professor Marshall has, as he states in the passage we have already quoted from the Preface, proceeded by the method of omission rather than that of compression. In this course he has, we think, been wisely advised ; for, as he himself remarks, 'it seemed that the difficulty of an argument would be increased rather than diminished by curtailing it and leaving out some of its steps.' Some of the argument contained in the larger treatise is, it must be admitted, not entirely free from difficulty, even for an advanced student ; and we doubt whether such freedom would not be repugnant to the intention of the author and to the nature of the subject. But, in reading the present book, we have put to ourselves at the end of each chapter the question whether the

reasoning contained in it would be intelligible to the junior student, and we have invariably returned the answer that, while it might call for continued attention, and could not be grasped in its full meaning on a hurried perusal, yet that it could be mastered with little real difficulty and that it was calculated at once to interest and to stimulate. For, if we may say so, the chief characteristic of Professor Marshall's writing seems to consist in its pregnant conciseness. It will not allow the student, even the junior student, to learn by rote ; it compels him throughout to think for himself.

While, however, we are very grateful for the publication of this volume, we must confess that some feeling of regret is mingled with our gratitude ; and that regret is due to the fact that the disappearance of the old *Economics of Industry* is, we imagine, involved in the appearance of the new. Our regret is, indeed, partly based on personal grounds ; for, in common, no doubt, with many others, we date the inauguration of a new era in our economic knowledge to the perusal of the earlier book. We then first began to see what the *Principles of Economics* has since taught us more fully. But we are glad that the attempt made in the earlier book to crowd into a limited space a great amount of matter, which resulted in the use of a type so small as to try the eyes even of the fortunate possessors of more than average eyesight, has given place to the excellent print and admirable appearance of the present volume, which seems to us to be cheap at the price at which it is published. The other cause for regret is that this, like the larger work, is as yet only a first volume of an unfinished book ; and, although it contains the framework of the central theory, it necessarily does not deal with some of the subjects usually comprised in an economic manual, such as money or foreign trade or taxation or the functions of government. It is also unable to treat with such fulness some of the topics, such as co-operation and trades unions, which were handled in the old *Economics of Industry* ; and it is perhaps the case that, in general arrangement, that book, while it did not bring into so great prominence the originality of Professor Marshall's treatment of economics, followed more closely the traditional lines of former manuals, and therefore presented itself in a more familiar guise to the student who had already gained some acquaintance with economic literature. But this last consideration does not apply to the beginner, who can scarcely start under more favourable guidance than that supplied in the manual before us ; and the causes of regret we have indicated are largely personal. The promise of the future, together with the actual achievement of the present, furnishes an ample atonement, if atonement be needed, for the memory of the past.

Professor Marshall's chapter on Trade Unions, which he has added at the end of the sixth book, contains a balanced statement of the opposing arguments which may be advanced on either side of a question of great immediate interest. Since the publication of the old *Economics of Industry*, the forces of popular opinion have, on the whole, tended

to shift from an attitude of hostility to a position of friendship towards these organisations, and have, perhaps, erred slightly in a contrary direction to that towards which they had inclined before. The great advantages of trade unions in substituting order and some responsibility for disunited irresponsibility have been more fully and generally recognised; and Professor Marshall is careful to emphasise these advantages. The real or supposed excesses of trades unionist leaders and their followers have passed away to a large extent from public observation with the recognition of the legal standing and the rights of the unions, although, now and again, human nature makes its presence evident in its bad as well as its good characteristics, and the newer unions, which have been recently formed amongst unskilled labourers, have certainly not been remarkable for moderation of language, or, in some cases, for caution in action. But these changes in the character and position of trades unions are, in spite of the important bearing which they have on the economic problem, subordinate to the chief question which Professor Marshall sets himself to examine in this chapter. The question is, 'How far do or do not trades unions exert a real influence on the determination of wages?' Professor Marshall steers a middle course between excess on the one side and on the other, and he weighs the different considerations advanced by opponents of the unions or by their supporters with equal candour and unswerving fairness. We think that he will probably reap the proverbial reward which attends the moderate man, and please neither the one nor the other party; but he has certainly rendered a very real service to the economic student who is groping in the dark, listening to the competing clamours of contending guides, and he has supplied abundant food for reflection for practical men engaged in the actual struggles of industrial life. The emphasis, which on the one hand he lays on the suggestive fact that a single employer represents a large combination in his own person—a combined mass of capital and business-management—and the persuasive clearness with which, on the other, he demonstrates the fallacy of a fixed work-fund so often entertained by working-men, and also, we must add, by large sections of the more educated classes of the community, form two examples of the instructive manner in which he brings the conclusions of theory to bear on the illumination of matters of practice. The ultimate consequences of unduly harassing the employer, the cumulative character of the effects of certain lines of action pursued by masters or by men, the possible influence of trades unions in elevating the 'standard of life,' and the conflicting interpretation of the evidence of their power furnished in wage-statistics, are some notable illustrations of the application of Bastiat's conception of economics as discerning the unseen as well as the seen.

But it would be impossible, within the limits of a brief review, to do justice to a chapter, every sentence of which will deserve and reward attention; and we must refer the readers of this *Journal* to the chapter itself. It has already, before publication, been submitted to the scrutiny

of Mr. John Burnett on the one side, and on the other to that of Mr. T. S. Cree, whose pamphlet, entitled *A Criticism of the Theory of Trades Unions*, Professor Marshall describes as 'vigorous and suggestive;' and Dr. Keynes, who, we imagine, must have played the part, if he will allow us to say so, of dispassionate observer of these doughty combatants, has also read the chapter in proof. In the last category of dispassionate observers we should like to place ourselves. It has always appeared to us that the common statement that the interests of employers and employed are in reality identical, and that trades unions introduce an unnecessary and mischievous opposition, is an instance of the *suggestio falsi* by the *suppressio veri*. So far as the production of wealth is concerned, the interests of the two parties are undoubtedly harmonious, and anything, which limits the efficiency of the one or the other, is likely to issue in ultimate loss, as anything, which promotes or increases that efficiency, is likely to inure in final benefit to both. But it would be as untrue to fact as it would be injurious in effect to deny that, so far as concerns the distribution of wealth, their interests are no longer harmonious but conflicting, and that on this side of the question it is only too probable that bitter and protracted quarrels may arise. The point, on which it seems to be worth while to insist, is that neither party will act well or wisely for its permanent interests, if it pushes its advantage in the distribution of wealth so far as to affect prejudicially the production of wealth. This general theoretical conclusion may, it is true, seem vague and impotent, and even contradictory; but it is not without its relations to practice; and it is by showing the unsuspected connections between theory and practice that Professor Marshall's chapter seems to us to be so valuable and opportune. Few, if any, recent writers on the subject have, we think, combined such originality in theory with such a firm and sensible grasp of practical exigency.

L. L. PRICE

*Methods of Industrial Remuneration.* By DAVID F. SCHLOSS.  
London: Williams and Norgate. 1892.

MR. SCHLOSS has gathered together in this book an amount of important and interesting material, to which it is hard, if not impossible, to render adequate justice within the necessary limits of a review. In his own words he has 'attempted to present a faithful delineation of the wage-system in all its forms, and of the several modifications introduced with a view to the improvement of that system.' This is a more ambitious programme than might at first sight appear; for Mr. Schloss succeeds in showing that the wages system is far less rigid, and capable of much greater modification, than the casual observer of its chief features would imagine. He considers in successive chapters varieties of remuneration, which he distinguishes as time-wage, piece-wage, task-wage, progressive wages, collective