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sacrifice the advantage accruing from the ability to buy the various things needful for his work in favour of a process of integration that carries through the whole production from beginning to end, with the additional working up of the by-products. Furthermore, certain conditions of the American market—the attempt to obtain a monopoly on the one hand, or dissatisfaction with, and an attempt to get rid of, the middleman on the other—may cause the manufacturer to enter fields not generally considered to be suited for his operations. For instance, the establishment of retail stores by companies engaged in production is a growing tendency and one due to several causes, among these being pressure on the part of the consumer. The results of this, in the direction of the control of retail prices by manufacture, are treated in a very interesting chapter (No. VI.), and the steady development of the direct selling of their goods by manufacturers is well worth the space devoted to it. At the same time, Mr. Knoop has been careful to avoid any danger of misconception by describing briefly the extent to which this has been carried in the chief industries. In conclusion, all the points raised are treated clearly and concisely, and an eminently useful index makes the book valuable for such references as the general English reader is likely to require.

N. B. DEARLE

The Growth of Large Fortunes. A Study of Economic Causes affecting the Acquisition and Distribution of Property. By G. P. WATKINS, Ph.D. Published for the American Economic Association by the Macmillan Co., New York, November, 1907. Pp. iv + 170.

LIKE many of the publications of American economists, this book shows the admixture of juristic with purely economic ideas, which seems to be a common, if not the inevitable, accompaniment of American research. It is one that has too often produced a confusion of ideas which detracts considerably from their value, producing at the best some loss of clearness and consistency. On the other hand, in cases like the present, where the author rises superior to the innate difficulties of his situation, there are many compensating advantages in the close connection shown to exist between the two sets of ideas, and in the proof that it is possible to reduce juristic concepts to an economic basis. Again, the juristic standpoint brings to light those phases of economics that a more purely specialised treatment is apt to omit. The work before us studies the economic causes affecting the acqui-

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tion of property and its distribution; and large fortunes are property, and all property is based on law. "Riches are a private right, and cannot be conceived without reference to an owner and legal relations." The book is not without faults. The author is at times inclined to grow fantastic, and a superficial survey inclined one to condemn the book as unreal and incoherent. This idea a fuller study has altogether dispelled. At the same time, the author has not always distinguished economic from juristic ideas, even as clearly as the circumstances permitted, and has sometimes spoilt a perfectly valid economic classification in attempting to improve upon it. But how essentially juristic are the ideas underlying so many economic postulates, and how close is often the connection between law and economics, are very well brought out, whilst the straiter sect of economists may well be reminded that even for the solution of essentially economic problems it is often necessary to borrow from the juristic field. The very treatment of the economic causes, affecting the juristic conception of property in large fortunes, shows clearly how often the basic ideas of political economy are at bottom purely legal ones. With all this, the impersonal character of many of the causes at work is not forgotten. "Inequalities of faculties may become more effective. But if this is so, it must be because of changes in external conditions. These external causes are doubtless economic."

In the first place, the idea of acquisition as apart from production is foreign to the mind of the economist pure and simple. Occupied solely with wealth or goods, which, "as such, need belong to no one," being "objectively and impersonally conceived," he forgets the idea of riches which "quantitatively" suggests "conspicuous magnitude and the receipt of income not due to labour." He therefore thinks only of production, distribution, and exchange of the former, and the author's description of the large part that "acquisition" plays in the building up of large fortunes serves as a reminder that much of the wealth of the individual cannot be in any way connected with production on his part, so that the purely economic definition fails to give account of the phenomenon. "Acquisition is reciprocal to production, the contrasted other end of the economic process. It is primarily the obtaining of economic control of existing values. . . . It is the culmination of the process. A good is produced once, but acquired many times." It gives, therefore, a distinct place for inheritance, which neither production nor even distribution, with the idea underlying it, as it does, of some return for a share in production, can altogether supply.

Similarly, the distinction made between two kinds of capitalistic income, one involving active participation—as an *entrepreneur*—in production, and the other not, may move the scorn of the economic pharisee, but it has a clear element of truth. The right to interest, pure and simple, is an “abstract right to the usufruct of goods” obtained by acquisition, and the idea was worth emphasising. To use this distinction as a purely economic one, however, is to replace a clearly defined economic distinction by one which, however useful, as showing how much lies beyond the narrow confines of economics, is nevertheless lacking in clearness and in many respects a cross division. Economically, abstract property right is interest, the other thing interest *plus* wages of management and rent of ability—that is, interest *plus* profits, or, as J. S. Mill understood it, profits alone.

The second chapter deals with the actually existing tendencies to the growth of large properties, and the author distinguishes between “mere value increase (value incremental), not at all purposed or produced by man,” and “goods fructional income,” which is the result of the productive processes; and, passing from this, he shows the importance attaching to the “business man” which makes him the probable holder of the large fortune. So far as America is concerned, he finds, as the result of his survey, that, except in agriculture, from which accrues a smaller and smaller proportion of the national production, large scale production and corporate organisation are becoming increasingly predominant, resulting in a “shift from more democratic to less democratic or less necessarily democratic forms of property.” But he finds compensation for the small saver and small-propertied middle-class in the openings provided by the growth of corporate production. The short third chapter states the causes at work that led to America taking the lead in the growth of these modern tendencies. The work is accompanied by copious footnotes—many of which cover several pages—and a bibliography. It seems a pity that the publishers are not able to put the section or even the chapter at the head of each right-hand page, instead of, as they do, putting the title of the work only.

N. B. DEARLE

The Trade and Administration of the Chinese Empire. By HOSEA BALLOU MORSE, Commissioner of Customs and Statistical Secretary, China. (London: Longmans.) Price 7s. 6d.

THIS first-class work is the outcome of thirty-three years of successful service in the Imperial Maritime Customs, in the