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union between all classes interested in the land. A sliding scale for rents may be practicable, but the labourers will certainly resist his suggestion that the Truck Acts should be repealed and that wages should be partly paid in kind. The union of classes is most desirable, but seems remote so long as the labourers insist on returning to Parliament candidates who are opposed by the whole strength of farmers and landlords. A national scheme of compulsory insurance against sickness or old age may be, as Mr. Garnier thinks, a good thing, but it will certainly add to the burthen of taxation. Mr. Garnier seems to us not to apprehend the political situation of England. He is probably justified in his observation that the superior social influence of landed property is destined to fade away entirely as time obliterates the memory of the past. But how does this tally with his extraordinary statements (p. 525), 'that the government of England is virtually an aristocracy,' and that thus far 'reforms have but fortified the aristocratic principle'? Are the Irish members the representatives of the Irish upper class? Is the Labour Party an aristocratic force? Mr. Garnier's wishes have had too much influence on his opinions. The root of the matter is that the landowners of the United Kingdom are not numerous enough to turn the balance of contending parties. If we had a million rural freeholders, they would excite far less envy and wield a far greater power. Then whatever legislation could do for the landed interest would be done. At present it will have to wait until other interests are served.

F. C. MONTAGUE

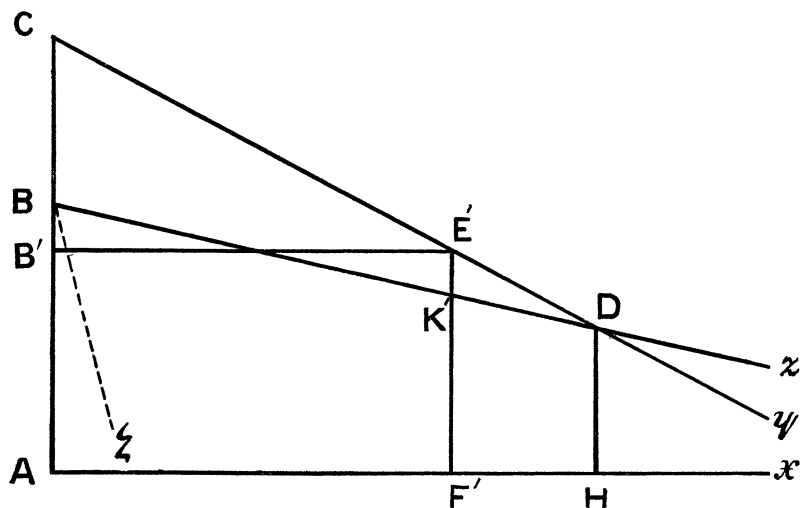
The Distribution of Wealth. J. R. COMMONS. (London: Macmillan and Co. 1893. Pp. 258.)

THIS is one of the books which impose on the critic the difficult task of deciding how much merit is to be attributed to a writer who has re-discovered, or at least re-stated, principles already enunciated in some standard work. It may plausibly be maintained that it is useful to vary the enunciation of economic truth, considering the danger of its becoming stiffened by literal repetition into dead dogma. The tree of knowledge exhibits and preserves its vitality by being continually re-clothed in the fresh verdure of new expression. Accordingly our author seems to deserve well of the economic student when he reproduces the theory of marginal utility as taught by Prof. Böhm-Bawerk and others, or maintains against Mr. Gunton that the determination of wages does not depend upon the standard of life in such sense as to exclude the agency of supply and demand. This degree of praise is especially deserved by the main part of the work relating to the Law of Diminishing Returns and Rent. Employing the familiar construction of a descending curve of which the abscissa represents expenditure and the ordinate returns, Professor Commons places the different kinds of surplus in a variety of lights. He represents the action of the law of

increasing returns by a displacement of the curve which is as it were tilted up a whole. (Cf. Marshall, *Principles of Economics*, p. 677.) He is aware that this interaction of the two kinds of law is not confined to agriculture.

'No matter what undertaking we examine we find that for a given area of ground the point is sooner or later reached when an increase of product will involve a more than proportionate increase of expense. A flouring mill occupying one acre with a capacity of 1,000 barrels daily would require more than four times the daily expense to produce 4,000 barrels *on the same area*. . . . Before the capacity of 4,000 barrels could be reached, it would be found more profitable to purchase an adjoining half acre.' (Cf. *Principles of Economics*, pp. 460—3).

It would be unjust to our author to represent him as merely a follower of another's track. He has struck out for himself fresh paths from which new and interesting views may be obtained. But, these deviations from the beaten track often lead through very difficult ground; and are seldom of the nature of short cuts. Consider for instance the passages in which the author draws a distinction between value and product with respect to the action of the law of increasing



returns. As we understand him, economic equilibrium may be reached in virtue of the law of diminishing utility, even though the law of increasing returns is in full action. 'No matter, therefore, what may be the increasing returns in *quantity* of product, providing the scale of demand remains constant, the *entrepreneurs* of a given commodity, inevitably run against the diminishing *value* of their total product' (p. 125). This statement is illustrated by a diagram of which the essential parts are reproduced in the annexed figure, where the abscissa Ax represents quantity produced, the ordinate represents value. And 'let the

line Bz represent the diminishing cost per unit of product, and the line Cy the diminishing utility of the commodity.' 'Production cannot profitably be carried further than, say, AF', where the total value of the product AF'E'B' would approximately equal the costs of the total product AF'K'B' (p. 126). And the writer seems to imply that accordingly F' is the position of economic equilibrium, 'the point of equilibrium where the value of the product just compensates the cost of its production.' This seems to us a very questionable proposition, referring to a *régime* of competition as the context shows (*cf.* 'the *entrepreneurs*' in the last but one of the passages cited). Nor is the point indicated by our author that at which a monopolist would stop production. Under a *régime* of competition the point must be at the intersection of demand and supply curves, *prima facie* D. But D in the author's construction appears to be only a point of *unstable* equilibrium. The whole problem of economic equilibrium where the law of increasing returns prevails is one of great difficulty; to which our author does not seem to have made any important contribution.¹ His merit consists in raising rather than in removing difficulties. This useful power of suggestion is not confined to the case of increasing returns. Consider his doctrine that 'the law of diminishing returns obtains its true significance only where capital and labour are employed under circumstances of partial or absolute monopoly' (p. 155).

Among novelties which may deserve more attention should be noticed the distinction between different kinds of profits; 'necessary,' 'temporary,' and 'permanent' (p. 191, *et seq.*); and the elaborate logical division of the subject-matter. For instance under Factors in

¹ The abscissa Ax may be understood to represent the total quantity produced by the competing *entrepreneurs*; and the Bz to be a supply curve of that simple sort which Professor Marshall indicates at the beginning of his book on production—a short-period supply-curve of the nature of Mr. Cunyngame's 'successive cost-curves' (ECONOMIC JOURNAL, vol. ii, p. 40), in short a curve of the species called by the present writer 'primary' (ECONOMIC JOURNAL, vol. iv, p. 436). On these suppositions it will not be true that F' is a point of equilibrium. For the dispositions of an individual *entrepreneur* are not represented by the (collective) cost-curve BZ, but by a curve such as the dotted line B'c (added by us to the figure). Suppose that, when the total product is at AF', the product of the individual is at the point AF' ÷ n. The individual *entrepreneur* will not stop there. For he can increase his production at a cutting price with advantage far beyond that point, it might be up to the neighbourhood of the point F'. Then the others, rather than have no business, would offer a still lower price. And so the economic machine would run down. There would be no permanent halt at D, for it would still be the interest of each individual producer to break away therefrom. The better opinion would seem to be that there can be no halt until an ascending branch of supply-curve is reached. This criticism will still be appropriate even if our interpretation of the author's construction is not quite correct; if, for instance, Bz represents the dispositions not of the producers collectively, but of an average individual. Even if the curve were a 'long period' one (of the kind for the most part employed by Professor Marshall) it would be difficult to justify the statement that F' is a point of equilibrium either in the case of competition or of monopoly.

Distribution we have the heading 4, legal rights ; which is subdivided into (1) Personal ; (2) Property the former by a further ramification comprehending the rights to life, liberty, employment, and marriage (ch. ii).

Upon the whole the most useful portions of the treatise appear to be those of which the substance is to be found elsewhere. What may be called the marginal utility of these passages is accordingly not very considerable. Writers on that species of utility prescribe that a consumer with limited funds should first bestow several increments of expenditure on necessities before he spends one on superfluous refinements. Upon a similar principle the student with limited time and attention may be advised to read, mark and inwardly digest the *Principles of Economics*, before he takes a dose of the *Distribution of Wealth*.

F. Y. EDGEWORTH

The Labour Question. An Epitome of the Evidence and the Report of the Royal Commission on Labour. T. G. SPYERS. (Social Series.) (London : Swan Sonnenschein & Co., 1894. Pp. 248.)

THIS compendious volume forms a useful introduction to the principal questions which occupied the Labour Commission. To epitomise the results of their inquiries is a work congenial to the author, who was précis writer to the Commission. But indeed his book is no mere epitome. He has worked his own way to the conclusions reached by the Commission, and reproduced them in an independent form. For example, his exposition of the inconsistent grounds on which an eight hour day is recommended is original as well as forcible. It is not more forcible however, in our judgment, than the corresponding parts of the Majority Report. Sometimes the epitome needlessly diverges from the Report. Thus Mr. Spyers distinguishes *conciliation* from *arbitration* in that

Whereas conciliation originates when negotiation is suspended, consists in the intervention of a third party on his own initiative to suggest a basis of compromise and results in negotiation being resumed, arbitration originates when negotiation is proceeding, consists in the reference of the issue to a third party, and results in the matter being decided (p. 36, cf. p. 33).

Is this distinction coincident with that which is drawn by the Commission ?

Arbitration is the settlement by one or more presumably impartial persons of an issue on which the parties have failed to agree.

Conciliation is the coming together of the parties for the discussion of questions with a view to amicable settlement. This word is often used where we should speak of mediation (Final Report, p. 49).

Upon the whole however the results of the Commission seem to be fairly presented. The work may be confidently recommended to those

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