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explanations as to any questionable transactions, and, where public interests were affected injuriously, to cancel the registration of the Kartell, thereby depriving it of all legal character. This recommendation is all the more striking and noteworthy since it is made by a representative of the manufacturers and a supporter of Kartells. Unfortunately, it is not applicable expressly to trusts, which cannot be dissolved, though perhaps it might prove efficacious by the help of financial punishment.

HENRY W. MACROSTY

Economia ed Estimo dei Miglioramenti fondiarii. By LEOPOLDO DI MURO. (Palermo: Alberto Reber. 1902.)

THE professional valuer must be a man of great skill and knowledge; the problems which he has to solve are remarkably difficult; but his methods are often mysterious. There was one witness called before the Royal Commission on Local Taxation who told the Commissioners frankly that it was no good for him to try to explain to them how the assessment of a portion of a railway for rating purposes was arrived at, that he doubted whether even His Majesty's judges would be able to understand the matter. But it is not altogether fair to the public that the valuer should make a mystery of his craft. It is important that valuations should be determined by the application of correct principles to ascertained facts, but it cannot be denied that the principles upon which valuations should be made are not easy to ascertain. Quite recently the problem how an Oxford College should be assessed for rating purposes has been raised; but it was found impossible to answer it. That is to say a value was given but the Recorder could not succeed in stating a case for the opinion of the High Court because he could not find any principle on which he had acted. Such a case as this is not uncommon; the legislature has laid down principles of valuation which, in fact, cannot be applied in many exceptional cases. There is, however, a further and much more important difficulty and that is to determine what principles are not merely correct in the application to particular problems, but just and fair as between all parties concerned. This question of justice is not a scientific problem of abstract economics, or the art of valuation, but a difficult social problem which, in many cases, the legislature has to settle. If the state compulsorily acquires property or takes away rights, it has to determine what compensation is just. It cannot do this in each individual case but lays down general rules which have to be applied. Now although in strictness it is only the application of these rules to particular cases which directly concern the science of valuation, it is nevertheless true that a scientific consideration of value and the component causes which go to make increases and decreases of value is of great assistance to any one who wishes to lay down a just principle. The legislature is continually interfering with vested

interests and freedom of contract. The social advantage of the people is the justification for such interference. The methods in which it interferes should be based on a correct scientific investigation into the effects of such interference.

Few systems of contractual rights and obligations are of more importance to the well being of any country than those which regulate the interests of the various persons in the land. It might reasonably be considered that when once a nation has decided upon the system of private ownership of the soil, that the relation between landlord and tenant could be left to be regulated by private contract. Experience has shown that complete freedom of contract, in this respect, often tends to prevent the land being used or improved to the best advantage. Irish Land Legislation and the Agricultural Holdings Acts are examples of legislative interference with freedom of contract in order to stimulate the improvement of land. This interference at once raises the question how the benefit and the burden of improvements should be borne, and it is in the main with this question that Professor di Muro is occupied. His book is a good instance of detailed application of theory to particular facts and figures. When two or more persons combine different sorts of goods to obtain an increase in wealth, how should this gain be distributed? The economist may answer that it will, in fact, be distributed in accordance with the laws of supply and demand and exchange of the various factors of production. But so soon as the state interferes and redistributes the benefit according to its own rules it is advisable to consider what the rules should be. Thus, if a tenant at the end of his term is entitled to claim compensation from his landlord for any improvement he may have made, it is important to fix the amount of compensation so as to encourage genuine improvements. Improvements take time, are not always productive at first, and may have a high prospective value. In this respect the application of capital and labour to land differs in some quantitative respects from the application of capital and labour in other forms of production. This is worked out in detail by Professor di Muro and forms the most interesting part of his book. He has great knowledge of agriculture. He discusses various forms of improvements not as a matter of abstract theory, but as one who is well acquainted with the actual cultivation of the soil. But it is with his new system of distribution that the general reader is most likely to be interested. The following is an illustration given at p. 452 of the book. Suppose that three persons, A, B, and C, combine together for the purpose of production and that they are respectively possessors of goods, a , b and c , whose values are 4, 5, and 3.90 respectively. By combining these in productive enterprise they obtain a product whose value is 20—that is the net gain is 7.10. Distributing this 7.10 in proportion to the figures 4, 5, and 3.90, we give A 2.20 of this gain, B 2.75 and C 2.15.

But suppose that we do not know the value of c , and let us call it x , and that with the combination of 4, 5, and x , of a , b , and c , we, as

before, get a product whose value is 20. To a person who had possessed a and b, the value of c might be said to be equal to $20 - 4 - 5 = 11$, if we consider that the whole increment of value is due to c, and not to the combination of a, b, and c. In Professor di Muro's terminology, 11 measures the abstract value of the susceptibility (*suscettibilità*) of goods c, which becomes concrete when combined with goods a and b. Thus the logical result is to divide the value 11 in proportion to the known values, 4 and 5, a and b, and the susceptibility of c, which equals 11. Dividing it in these proportions, we should give 2.20 to A, 2.75 to B, and 6.05 to C. These numbers are the same as those previously obtained, except that here the value which C receives cannot be divided into 3.90 due to the value of c and 2.15 due to the profit on production, but these two sums are lumped together in the 6.05. The application of this system to agriculture is obvious. A soil would be particularly suitable for some crops but it is deficient in (say) phosphates. The addition of phosphates make the soil very valuable. How much of this increased value should be attributed to the phosphates, and how much to the susceptibility of the soil? We see that in dealing with agricultural improvements we have another special and difficult problem, owing to the fact that no one soil or situation is just like another, and it is by making proper use of the peculiarities of soil and situation that the soil is used to the best advantage. Another difficulty connected with agricultural improvements is that they often are at first unproductive, and therefore, to take an illustration, a tenant with a short lease may not find it worth his while to plant fruit trees. It is, however, disadvantageous for the community as a whole that all the land shall not be used to the best possible advantage. The land laws in many countries prevent this result. A fair and equitable system of distributing the benefit obtained would encourage production and the best form of use of the land, and it is with this object that Professor di Muro puts forth his system. But he does not state it merely in abstract or theoretical terms. A large part of the book is filled with detailed working out of balance sheets of the proper form of distribution of the benefit of different kinds of improvement under different systems of land tenure. It would be most interesting to have the opinions of practical agriculturists upon these balance sheets in order to see whether the figures given commend themselves to practical men as fair and reasonable. Although the greater part of this book is crammed with agricultural problems, it would not be just to omit to mention that one chapter has for its subject the unearned increment and compensation for compulsory expropriation in towns. In England, we have shirked the question of betterment by means of an utterly illogical "model clause" in the Act of Parliament under which town improvements are made. We do not tax the unearned increment, and we leave the extremely difficult question of the compensation which should be paid on compulsory purchase to the untrained intelligence of a British jury. That is our way of doing things, but it is not a good way. We

are apt to think that theory and detailed technical knowledge are not to be found together. Professor di Muro's book is an answer to this prejudice. He illustrates his general theory by numerous detailed illustrations. No one can deny the great practical importance of the matter he discusses ; it should be the duty of experts to examine his work very critically.

C. P. SANGER

Das Gesetz der Güterconcentration. By Dr. STEPHEN WORMS.
(Jena : G. Fischer. 1901.)

THE discovery of a new economic law may be made in two ways : either by logical deduction from well-established facts and principles or by induction from the observations of statistics relating to the operations of industry and commerce ; but so soon as the discovery is made by one of these methods it is important that it should be tested by the other method. This, however, cannot always easily be done and an economic law which may be shown to exist by theoretical considerations cannot always be directly verified by statistics. In the absence of any such verification it becomes increasingly important to scan the theoretical reasoning with the utmost closeness and especially to test whether the original premises or hypotheses to which that reasoning is applied are true—if not under all conditions in space and time at any rate, in substance and in fact, for the more civilised countries of the present day. Not infrequently for simplicity and clearness of reasoning we take simple hypotheses or ideal facts as our basis ; such a proceeding is justifiable so long as we remember that our results are not instantly applicable, without qualification or restriction, to the facts of ordinary life. Before we apply our results we must determine the necessary qualification, but that alone does not make abstract theory of small importance and any economist who claims by abstract reasoning to have discovered a new and important economic law is entitled to respect, but he is entitled to more than respect, he is entitled to criticism. Nothing but criticism and attack will establish the truth of his theories. If such criticism should prove to be based on a misunderstanding the author may be at fault as well as the critic ; his exposition may not have been lucid although the critic's brain may have been clouded. Dr. Stephen Worms' book is the subject which has given rise to these general reflections. If he has discovered a law of the concentration of goods it is a fact of importance which will one day be recognised in spite of an adverse review of his book, and the reviewer's want of appreciation and insight should be a cause of regret to no one more than to the reviewer himself.

The generally accepted theory of value and its application to the laws of exchange are not challenged by Dr. Worms ; on the contrary, his argument is an attempt to determine the effect of the theory of value upon distribution. In brief outline, the theory of value is often