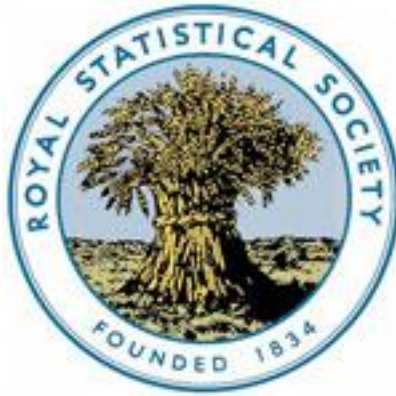


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Review

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Source: *Journal of the Royal Statistical Society*, Vol. 75, No. 8 (Jul., 1912), pp. 857-858

Published by: Wiley for the Royal Statistical Society

Stable URL: <http://www.jstor.org/stable/2340390>

Accessed: 27-06-2016 09:17 UTC

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7.—*The distribution of income.* By William Smart, M.A., D.Phil., LL.D. Second edition. xix + 345 pp., 8vo. London: Macmillan and Co., 1912. Price 3s. 6d. net.

This volume is the second and enlarged edition of a book already well known. As in the case of the previous edition, the attention of the reader is readily secured by Professor Smart's lucidity of style and aptness in illustration. In this instance these merits are enforced by the references made to recent events, and in particular by the knowledge which the author acquired when acting on the Poor Law Commission. The book is divided into two parts, the first dealing with the nature of income, and the second with its distribution among different classes and orders. While the first part is hardly long enough to treat adequately the various matters of interest raised, it is undoubtedly valuable as presenting in a readable form these matters, some of them somewhat contentious, mainly indeed from the Austrian standpoint. The second part is the main and more important portion of the task undertaken by the author. Much of it is excellent. No writer has set out more clearly and illustrated more significantly the real function in industry performed by the employer, or rather the employing class. Professor Smart writes with an inside knowledge and with an experience which few economists possess. Again, the chapters in which he analyses the conception of the fixed fund, and shows the fallacies underlying it and the false conclusions deduced from it could hardly be improved. They are clear and convincing. The same, however, cannot be said of the pages which deal with the conception of the standard of subsistence. Here the author seems to ignore the importance of the conception when treated as strictly relative to the particular time. Consequently he writes with some lack of appreciation of the position which the standard of living plays in the essential theory of a writer like Ricardo. Indeed, he seems in some places almost to adopt the position of Held, who considered that Ricardo by admitting that the standard was relative and not absolute had destroyed any logical force which it possessed in a theory of wages.

But wholly apart from this and other minor matters, this second part, which deals with the distribution of income, is hardly adequate to the question which the author in effect proposes to his readers. He describes rather than explains the existing distribution. No doubt in the process he throws a great deal of light on particular points; but the reader does not find the answer to the question as to the reason underlying the distribution. This is particularly true where the nature of interest is alluded to, and even more true where the distribution of income as between labour and capital comes under review. To some measure this no doubt springs from the view which the author appears to take of attacks on the present order of things. While his book is not in any narrow sense an effort to justify the rewards received by any class, it seems to regard attacks on such rewards as though they were directed against the employing class as such, instead of against the system which allows of or even necessitates private employment. Such attacks as the latter are

made on the ground that a system of private employment leads to a kind of inherited goodwill in employment, and invests capital with a quasi-monopoly power. It is contentions such as these which are important, and as to them Professor Smart offers little remark. This is somewhat unfortunate, because they lie at the root of modern controversies as to the distribution of wealth, and their treatment by a writer of such experience and power could not fail to be instructive.

E.C.K.G.

8.—*Value and distribution : a critical and constructive study.* By H. J. Davenport. ix + 582 pp., 8vo. Chicago: University of Chicago Press, 1908. Price 14s. net.

This book is a very detailed and elaborate discussion of the relations which exist between value and distribution, especially with reference to cost. Professor Davenport, it must be confessed, does not make his book easy reading. No doubt this is partly due to the innate difficulty of the subject, but in some degree it arises from the method he adopts. Thus intermixed with his own positive statement of theory, come elaborate criticisms of the positions assumed by different writers on value and cost; and it is often very difficult to disentangle the author's own views from those of the writer's whose views he is examining. Again, this method leads almost inevitably to considerable repetition. Still, there is this to be said: in dealing with the different writers, the author is full and careful, and whatever view may be held as to his main thesis, much is to be learnt as to the attitude of his predecessors. He treats them in detail, he treats them fairly, and he gives his references. Possibly this, the critical portion, would have gained by compression. Professor Davenport is too diffusive. In addition to this, he has devoted unnecessary space to the consideration of some writers whose constructive work is by no means important.

The more positive contributions by Professor Davenport to theory are to be found most clearly set forth in the later portions of the present volume, though they are mentioned and illustrated in the critical chapters. The author rightly claims that he has emphasized and applied the conception of opportunity cost. This is true, though it may be said that the emphasis would have been at least as great had the conception been stated more simply. It suffers and does not gain by over-elaboration and by the somewhat irritating way in which the writer suddenly darts back to a point already dealt with. This is equally obvious when we come to the consideration of interest and rent in their relation to cost of production. In the former case he criticises with considerable effect some of the positions held by Bohm Bawerk, but we doubt if the true bearing of his criticism will be fully appreciated by reason of its method of statement. Again, his contention as to the entry of rent into price suffers from the like defect, though here many readers will probably come to the conclusion that some part of Professor Davenport's argument is due to a misinterpretation of the ordinary modern doctrine. He insists that "rent is a part of cost of production, in full parallel with other outlays," as following "necessarily from the