



Review: [Untitled]

Reviewed Work(s):

Theory of Political Economy. by W. Stanley Jevons

J. M. Keynes

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view, need substantial modification as population increases in countries now sparsely peopled, since this will reduce the supplies available for the more densely populated regions, now increasingly dependent on importation to supplement their own resources. Concentration of production will develop, and measures for controlling the vast businesses which will result will be necessary, ending in the assumption of complete responsibility by the State in many instances, in fact wherever freedom for experiment is not a condition of success. Conceiving that State management need not be less efficient than that of a gigantic corporation, our author looks for a source of revenue from the profit of such government enterprises which may meet the demands of extended social insurance.

Technical developments, increasing the efficiency of productive operations, and especially reducing the amount of capital required, may be expected to increase the production of consumable goods relative to instruments of production, though this may not necessarily raise wages. The growth of population and the gradual exhaustion of the more accessible supplies of coal, iron, copper, &c., will require a revolution in methods of production, and the exhaustion of these industrial materials may be expected to precede the extreme pressure of population on food supplies. Within four or five centuries, even if a relatively slow rate of growth of population be experienced, the difficulties indicated will arise. The State will need to interfere in the interests of the masses to prevent evil results from increase of ground values, and to ensure a production of timber in view of scarcity of coal and iron.

In the nearer future an improvement in the position of the working classes is anticipated, while the development of social characteristics is expected to reduce the acerbities of the struggle for existence. In the present, while as yet Nature's resources remain abundant, a development of unity and a sense of solidarity may be attained which will be of the utmost importance at a later stage. Dr. Lexis' conclusion is that the general lot will be one of toil and trouble and that, spite of all our progress, we cannot look for the coming of a golden age.

A. W. FLUX

Theory of Political Economy. By W. STANLEY JEVONS.
Fourth edition, edited by H. Stanley Jevons. (Pp. lxiv + 339.
London : Macmillan. 1911. Price 10s. net.)

THE appearance of a fourth edition of Jevons's *Theory of Political Economy* is further proof, if proof were needed, that the

work of an original thinker, who is also a brilliant writer, can never be superseded. There is little in Jevons's *Theory* which has not by now been much more accurately expounded elsewhere ; but it is an economic classic which economists will wish to read, no longer perhaps for the theories it contains, but always for the contact which every reader of it can thus enjoy with the fascinating mind of the author. To the present edition Mr. H. Stanley Jevons has added some interesting appendices, which afford an excellent excuse for taking up the volume again. In the first he defends his father's Theory of Interest against some criticisms of Dr. Marshall's (*Principles*, sixth edition, p. 520). In the second he prints a fragment on Capital (of no great importance), which was originally intended to form part of Jevons's *Principles of Economics*. In the third he reprints the paper originally read by Jevons to the British Association in 1862. And to the bibliography of mathematico-economic books he adds a few notes found amongst Jevons's papers.

With regard to the first, I am not satisfied that Mr. H. S. Jevons altogether disposes of Dr. Marshall's objections. He has, in effect, employed against Marshall the latter's method in defending Ricardo, arguing that Jevons "undoubtedly wrote, not for the general public, but for students already familiar with the current economic doctrines," and that he seems to assume the correct theory in other passages. But in expounding his own theory, Jevons certainly appears to write, as Marshall points out, concerning a part of the theory of interest as if it were the whole. Yet if Jevons had seen *explicitly* (which is the point) as much of the theory of interest as Marshall has seen, it is likely that so clear a writer would have tried to express it. The issue is not an important one, but it serves to illustrate very well the contrast between Jevons and Marshall :—Jevons perceiving some one part of the theory with penetrating clearness and illuminating it to the utmost possible extent ; Marshall, exhaustively aware of the whole theory and its interconnections, but discarding, in his attempt to take in the whole stage at once, the limelight which, presenting some parts in a more brilliant aspect, must necessarily leave the others in a greater obscurity.

Jevons's Paper before the British Association in 1862 was reprinted in *The Statistical Journal* in 1866, but it is useful to have a document, so important to the history of economic theory, in a more accessible form. It contains hints, expressed in the briefest manner, of a surprisingly large part of the fundamental contributions to the subject published in the *Theory* nine years

later (final degree of utility is here termed *coefficient of utility*). The earlier essay contains practically no reference, however, to diagrammatic methods. In this connection it is very interesting to notice a comment, now printed, I think, for the first time, appended by Jevons to Professor Fleeming Jenkin's essay of 1870:—"I may add that from about the year 1863 I regularly employed intersecting curves to illustrate the determination of the market price in my lectures at Owens College." The historian of the early developments of mathematical economics will have, if he goes behind priority of publication, many puzzling problems to determine. The above passage may possibly assist him in settling one of them.

J. M. KEYNES

A Study of Indian Economics. By PRAMATHANATH BANERJEA, M.A. (London: Macmillan. 1911. Pp. 221. 3s. 6d. net.)

It is a very encouraging sign of the times that books by Indians upon the economics of their own country are multiplying fast, and that the books now being published bear evidence of serious study and a determination to find the truth whether palatable or unpalatable to this or that school of thought. As a little handbook for beginners, Mr. Banerjea's book satisfies these two essential postulates, and it has the further great merit of being admirably written; the English is always idiomatic and sober, and is altogether free from the "woodenness" into which all writers in a foreign language are liable to fall.

It would be unreasonable to expect to find in a handbook any important contribution to the study of Indian economics, and it is no disparagement, therefore, to say that there is little that is new in Mr. Banerjea's work; he has taken his facts from the *Imperial Gazetteer* and the voluminous statistical publications of the Government of India, and has shown their relation to the economic theory of the universities. I am not quite satisfied that he has always appreciated to the full the teaching of the academic economists; his statement, for instance, that the Ricardian theory of rent has practically no application in India requires very much fuller proof than he has given to it, and the further assertion that "the conclusion drawn from that doctrine, namely, that rent forms no part of the price of agricultural produce, is also inapplicable to the case of India," can only proceed from an imperfect reading of Ricardo.

The main outlines of the industrial organisation of India are