

is to invest these curves with an apparently simple law-determined character that they do not really possess." But as all that is knowable—much more than is usually known—is a set of discrete data, so much commodity corresponding to such a price, whether is it more arbitrary to draw a freehand curve through points representing those data, or to use a form which stands for any one of an indefinite number of equations,¹ each representing a curve passing through the given points? Both the methods present the sort of difficulty which the student of Euclid has to jump when, for the purpose of proving some proposition relative to triangles, he draws a figure which unavoidably presents other attributes besides mere triangularity. As Berkely says, "it is true that the diagram I have in view includes all these particulars, but then there is not the least mention made of them in the proof of the proposition." It seems to us quite tenable that the indefinite symbol "*f*" obtrudes particularity even less than a concrete curve-line. But it is natural that one who has attained such distinguished success as Mr. Cunynghame in geometrical political economy should be partial to that method.

The Theory of Distribution. By Professor T. N. CARVER.
(New York: Macmillan Co. London: Macmillan & Co.
1904. Pp. 287.)

PROFESSOR CARVER has not only shed new light upon his subject, but has also collected the rays from all other sources of illumination. Brilliant flashes from the latest literature, along with a dry light of classic origin, are reflected on his pages. The harmony between new and old expressions of truth commands belief. The work reads like a revised version of authorised doctrine. Many an old text which had almost lost its meaning overlaid with comment and controversy, now, as it were, re-translated from the original—not always very lucid—idiom, resumes the character of simplicity and truth. For example, the dictum that "rent does not enter into the cost of production," will nevermore, it may be expected after Professor Carver's explanation, perplex the inexpert. So the truth which Ricardo somewhat harshly expressed when he predicted the same sort of effect whether you "diminish the cost of production of hats," or "diminish the cost of subsistence of men"—the portion of truth

¹ In particular, a rational algebraical function $y = A_0 + A_1x + A_2x^2 + \dots + A_mx^m$; whether the constants are considered as numerous as the observations and so fitting them exactly, or less numerous, fitting the observations as well as possible.

in this analogy is restated with final precision by Professor Carver. Even so elementary a proposition as that which connects value and cost of production comes mended from his pen. Among other improved statements we may refer to that which defines the relation between production on a large scale and the maintenance of "a true equilibrium of demand and supply." Not all have perceived so clearly that there must be postulated a demand large enough to enable a considerable number of establishments to run at their full capacity. The definition of Profits, the conception of the entrepreneur's function, may be mentioned as another subject respecting which our author has cleared up controversy.

A work so complete does not offer much opening to critical comment. We may at least avoid the monotony of encomium by mentioning two points which appear to us debatable: (1) the author's definition of diminishing returns, in relation to economic equilibrium; (2) that "the law of marginal productivity can be applied to the earnings of business management as well as to the wages of other labour." On these points we could have wished that the author had been more explicit; but we do not feel disposed to be so ourselves at present.

The Present Position of the Doctrine of Free Trade. By FRANK W. TAUSSIG. (Reprinted from Proceedings of American Economic Association, 1904.)

PROFESSOR TAUSSIG'S Presidential Address to the American Economic Association is worthy of the occasion, the subject, and the man. He begins by remarking on the changed prospects of Free Trade since 1860. Country after country has joined the Protectionist ranks. Even Holland levies duties which are inconsistent with a strict adherence to Free Trade. Reviewing the arguments which are commonest in popular discussion, Professor Taussig says: "I confess to a sense of humiliation when our leading statesmen turn to reasoning easy of refutation by every youth who has had decent instruction in elementary economics." "The common talk about the sacredness of Protection as a means of lifting up the working man is more claptrap." No doubt the maintenance of high wages in certain industries depends on Protection. "Free Traders do not squarely face the difficulties of a transition to their system."

Going on to more difficult matters, Professor Taussig considers together the arguments against dumping and those in favour of