

An Introduction to the Theory of Value, on the lines of Menger Wieser, and Böhm-Bawerk. By WILLIAM SMART. (London: Macmillan & Co.), 1892.

THE volume before us will prove even more useful than that which we have already reviewed, to the English reader who wishes with the least possible effort to apprehend and appreciate the new doctrines which have attracted so much attention. Mr. Smart expresses with admirable fidelity and brevity the leading conceptions of the Austrian school: the fine distinction between subjective and objective value, the "limiting couple" of buyer and seller, with whom rests the determination of price in the market, the theory of "complementary goods," the utility which, travelling from the product up to agents of production and down again to other products, is said to occasion the illusion that value is determined by cost of production and other equally difficult and important doctrines. We see no reason to modify the judgment which we have just now expressed with regard to these principles in their original form. For example, we are confirmed in our surmise that the formula, "the value of a good is almost never measured by the utility it actually affords . . . but by a foreign utility" (p. 37), is but an imperfect mode of expressing the well-known conditions of economic equilibrium in the particular case where the quantities of the goods under consideration vary *per saltum*. Thus, Mr. Smart says (*loc. cit.*):—"Suppose that a thrifty housewife has laid in her winter stock of butter, and that by some accident it gets spoiled. Will she be likely to do without butter for the rest of the winter? She will, of course, replace the butter, and do without some comfort or luxury which she would otherwise have allowed herself. That is to say, she will shift the loss to the least sensitive part of her expenditure. . . . Similarly, if I am calculating the loss of value which I suffer from a horse going hopelessly lame, I do not estimate it by the satisfactions of riding and driving I should lose. I replace the horse by economising in other things—perhaps by doing without my summer holiday—and the value of the horse is measured by the foreign utility of the summer holiday." For reasons stated in the preceding review, it appears to us that, in the readjustment following on the loss supposed, the value of the article on which the loss primarily fell, say butter, is not determined by the value of another article, say bacon, any more than the value of bacon is determined by butter. The quantities both of butter and bacon will be in general more

or less reduced in such wise that the final utility procured by the last penny expended should be the same for both articles. In the case of a stud, indeed, considered as an object of consumption which varies by very large differences, a certain slight significance may be attached to the statement that the value of the (last) horse kept is measured by a "foreign utility." The fractions of the price—the shillings not the pounds; or the units, but not the tens of pounds—are so determined.

Mr. Smart seizes the essence of the new doctrines when he says in conclusion: "What is contended is that the law of cost is a good working secondary law" (p. 82); not "fundamental" (p. 81), like the principle of utility. He quotes Jevons: "Repeated reflection and inquiry have led me to the somewhat novel opinion that *value depends entirely on utility*." It is true that Jevons does say so. But the economists who appeal to his authority in favour of a one-sided theory of value remind us of the logicians who, following Aristotle, attended only to his doctrine of the syllogism, forgetful that the great master had also taught the complementary principle of induction. It is to be remembered that Jevons, in his chapter on labour, in effect makes value depend not "entirely on utility," but also on the *disutility* of labour. After giving (p. 200, 2nd ed.) equations for the distribution of a given fund of labour among different employments—the problem beyond which, as we understand, the Austrians have not thought it necessary to advance—Jevons proceeds:—"We require another equation in addition to the above. . . . Labour will be carried on until the increment of utility from any of the employments just balances the increment of pain." In other words, and as the symbols of the context suggest, utility and disutility are independent variables in that expression, the maximum of which determines economic equilibrium. Among the important lessons which the world owes to the Austrian school, this is not one.

Das Geschlechterverhältniss der Geburten in Preussen. Von Dr. C. DÜSING. (Jena: Gustav Fischer), 1892.

THE familiar observation that the areas of art and science do not coincide is nowhere more strikingly exemplified than in the field of inquiry which Dr. Düsing has chosen. The proportion between the sexes at birth is not related, like the death-rate at different ages, to the business of insurance or the art of sanitation. The fact that some five per cent. more boys are born