

[6]

Of the Causes of Improvement in the productive Powers of Labour, and of the Order according to which its Produce is naturally distributed among the different Ranks of the People



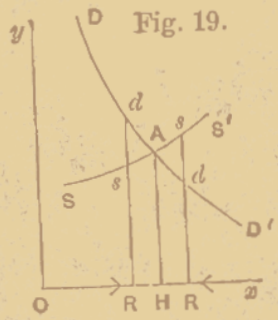
The greatest "improvement" in the productive powers of labour, and the order of its distribution, is the result of the industry and judgment with which it is conducted.

# JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT

PUBLISHED FOR THE HISTORY OF ECONOMICS SOCIETY

The person holding the string swings his hand in a very rhythmical and partly arbitrary, the illustration will show the difficulties of some very real and practical problems. For indeed the demand and supply schedules do not

V. I. 1. To represent the equilibrium of demand and supply geometrically draw the demand and supply curves together as in Fig. 19. If then the rate at which production is being actually carried on, and  $Rd$  the price greater than  $R_s$  the supply price, the production will be increased.  $R$ , the amount actually produced, will move to the right. On the other hand, if  $Rd$  is less than  $R_s$ ,  $R$  will move to the left. If  $Rd$  is equal to  $R_s$ , that is, if  $R$  is vertically under a point of intersection of the demand and supply curves, demand and supply are in equilibrium. This diagram is taken as the typical diagram for stable equilibrium of a commodity that obeys the law of diminishing returns. If we had made  $SS'$  a horizontal straight line, we should have presented the case of "constant return," in which the supply is the same for all amounts of the commodity. If  $SS'$  inclined negatively, but less steeply than the demand curve (a case which we should have presented later on), we should have presented the case of increasing returns. In the other case the above reasoning remains unchanged without the alteration of the letter; but the last case introduces difficulties which we have arranged



may happen... they have... and com... are not s... met with... Of co... and No... influences... of whic... persiste... them to... and No... broader... § 7... with in...

# JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT

*Journal of the History of Economic Thought (JHET)* is the journal of the History of Economics Society. *JHET* is a quarterly, refereed journal and welcomes papers that reflect the full spectrum of scholarly analysis within the history of economic thought. The *Journal* also features a regular Book Review section, which includes reviews by leading specialists.

## Editors

Marcel Boumans, *University of Amsterdam*

Evelyn L. Forget, *University of Manitoba*

## Book Review Editor

H. Spencer Banzhaf, *Georgia State University*

## Editorial Board Members

Roger Backhouse, *University of Birmingham*

Bradley W. Bateman, *Denison University*

Mauro Boianovsky, *Universidade de Brasília*

Robert Dimand, *Brock University*

Sheila Dow, *University of Stirling*

Philippe Fontaine, *Ecole normale supérieure  
de Cachan et Institut universitaire de France*

Harald Hagemann, *Universität Hohenheim*

D. Wade Hands, *University of Puget Sound*

Susan Howson, *University of Toronto*

Bruna Ingrao, *Università di Roma "La Sapienza"*

Philippe Le Gall, *Université d'Angers*

Robert Leonard, *Université du Québec  
à Montréal*

Harro Maas, *University of Amsterdam*

Steve Medema, *University of Colorado Denver*

Perry Mehrling, *Barnard College,  
Columbia University*

Mary Morgan, *London School of Economics*

Sandra Peart, *University of Richmond*

Malcolm Rutherford, *University of Victoria*

Masazumi Wakatabe, *Waseda University*

Michael White, *Monash University*

Amos Witztum, *London Metropolitan University*

Those wishing to submit manuscripts for publication in *JHET* should email the paper to [jhet@historyofeconomics.org](mailto:jhet@historyofeconomics.org). All manuscripts that pass an initial screening are refereed. Books for review may be addressed to:

H. Spencer Banzhaf

Department of Economics

Andrew Young School of Policy Studies

PO Box 3992, Georgia State University

Atlanta, GA 30302, USA

The HES web page address is <http://www.historyofeconomics.org>

Annual membership in the History of Economics Society, which includes a one-year subscription to *JHET*, is \$30. To become a member of the Society, please visit <http://journals.cambridge.org/action/HESHome>

**Subscription Information:** *Journal of the History of Economic Thought* (ISSN: 1053-8372) is published quarterly, in March, June, September, and December by Cambridge University Press for the History of Economics Society. An annual index and title-page are bound in the December issue. Annual subscription rates for Volume 32 (2010): Institutional subscription rates, print and online: US \$460.00 in the USA, Canada, and Mexico; UK £280.00 + VAT elsewhere. Institutional subscription rates, online only: US \$435.00 in the USA, Canada, and Mexico; UK £265.00 + VAT elsewhere. Institutional subscription rates, print only: US \$455.00 in the USA, Canada, and Mexico; UK £275.00 + VAT elsewhere. Individual subscription rates, print only: US \$169.00 in the USA, Canada, and Mexico; UK £99.00 + VAT elsewhere.

**Abstract and Indexing Services:** *Journal of the History of Economic Thought* is currently noted in IBZ, IBSS, *Economic Literature Database*, EBSCO (*Business Source Corporate*, *Business Source Elite*, *Business Source Premier*, *TOC Premier*), OCLC *ArticleFirst Database*, OCLC *FirstSearch Electronic Collections Online*, ABC-CLIO (*America: History and Life*, *Historical Abstracts*) *Econlit*.

All rights reserved. No part of this publication may be reproduced, in any form or by any means, electronic, photocopying, or otherwise, without permission in writing from Cambridge University Press. Permission enquiries from the USA, Mexico, and Canada should be addressed to the New York office of Cambridge University Press, 32 Avenue of the Americas, NY, NY 10013-2473 <http://www.cambridge.org/us/information/rights/contacts/newyork.htm>; permission enquiries from elsewhere should be addressed to the Cambridge office <http://www.cambridge.org/uk/information/rights/contacts/cambridge.htm>; permission enquiries from Australia and New Zealand should be addressed to the Melbourne office [http://www.cambridge.org/aus/information/contacts\\_melbourne.htm](http://www.cambridge.org/aus/information/contacts_melbourne.htm); enquiries regarding Spanish-language translation rights (only) should be addressed to the Madrid office <http://www.cambridge.org/uk/information/rights/contacts/madrid.htm>.

**Photocopying Information (for users in the U.S.A.):** Notwithstanding the above, the Item-Fee Code for this publication (0067-2378/10) indicates that copying for internal or personal use beyond that permitted by Sec. 107 or 108 of the U.S. Copyright Law is authorized for users duly registered with the Copyright Clearance Center (CCC), provided that the appropriate remittance is paid directly to: CCC, 222 Rosewood Drive, Danvers, MA 01923 U.S.A. Specific written permission must be obtained for all other copying; contact the nearest Cambridge University Press office.

Periodical postage paid at Jamaica, NY and additional mailing offices. **Postmaster: send addresses to Journal of the History of Economic Thought, Cambridge University Press, 100 Brook Hill Drive, West Nyack, NY 10994-2133.**

# JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT

Volume 32

Number 2

June 2010

## Articles

The Homeless Observer: John Harsanyi on Interpersonal Utility Comparisons and Bargaining, 1950–1964  
*Philippe Fontaine* 145

The Changing Place of Visual Representation in Economics: Paul Samuelson Between Principle and Strategy, 1941–1955  
*Yann B. Giraud* 175

Historicism and Neoclassicism in the Kiev School of Economics: The Case of Aleksander Bilimovich  
*Andrej Sušjan* 199

Uncertainty, Profit and Entrepreneurial Action: Frank Knight's Contribution Reconsidered  
*Geoffrey T. F. Brooke* 221

Adam Smith's System of Natural Liberty: Competition, Contestability, and Market Process  
*Michael E. Bradley* 237

The Keynes-Harrod Controversy on the Classical Theory of the Rate of Interest and the Interdependence of Markets  
*Jérôme de Boyer des Roches* 263

## Book Reviews

Sandra J. Peart and David M. Levy, eds., *The Street Porter and the Philosopher: Conversations in Analytical Egalitarianism*  
*Roger E. Backhouse* 285

Mark Skousen, *The Making of Modern Economics: The Lives and Ideas of the Great Thinkers*  
*Craufurd D. Goodwin* 287

Bradley Bateman and H. Spencer Banzhaf, *Keeping Faith, Losing Faith: Religious Belief and Political Economy*  
*Paul Oslington* 290

|  |     |
|--|-----|
| N. Emrah Aydinonat, <i>The Invisible Hand in Economics: How Economists Explain Unintended Social Consequences</i><br>Warren J. Samuels | 292 |
| Calvin Hayes, <i>Popper, Hayek and the Open Society</i><br>Jeremy Shearmur   | 295 |
| Donald R. Stabile, <i>The Living Wage: Lessons from the History of Economic Thought</i><br>Bruce E. Kaufman                            | 297 |
| Stanley Buder, <i>Capitalizing on Change: A Social History of American Business</i><br>Mansel G. Blackford                             | 299 |
| Ian R. Harper and Samuel Gregg, eds., <i>Christian Theology and Market Economics</i><br>Kathryn D. Blanchard                           | 301 |

# HISTORY OF ECONOMICS SOCIETY

Founded in 1974

## OFFICERS 2009–2010

### President

Steven G. Medema, *University of Colorado Denver*

### President-Elect

Jerry Evensky, *Syracuse University*

### Vice-President

Robert Dimand, *Brock University*

### Treasurer

Neil Niman, *University of New Hampshire*

### Secretary

Thomas Leonard, *Princeton University*

### Past Presidents

Avi Cohen, *York University*

Sandra Peart, *University of Richmond*

### Elected Members

Nicola Giocoli, *Università di Pisa (2012)*

Philippe Fontaine, *École normale supérieure de Cachan, et Institut*

*Universitaire de France (2011)*

Leonidas Montes, *Universidad Adolfo*

*Ibáñez (2011)*

Jeffrey Young, *St. Lawrence University (2012)*

### Editors of JHET

Marcel Boumans, *University of Amsterdam*

Evelyn L. Forget, *University of Manitoba*

### List Moderator

Humberto Barreto, *DePauw University*