Manuale di Economia Politica, con una Introduzione alla Scienza Sociale.

PARETO. Pp xii. x 579. (Milan: 1906.)

"Faith is the only powerful stimulant to human action, and therefore it is far from desirable, in the interests of society, that the majority of mankind, or even any large numbers, should handle social matters scientifically. Hence there is a conflict between the conditions of action and the conditions of knowledge, which furnishes a fresh proof of the lack of wisdom of the apostles of the universal and indiscriminate extension of knowledge." These frank and characteristic words appear on p.119 of Professor Pareto’s "Manuale," and they are illustrated in a note, from which we gather that it is probably desirable for the majority of Englishmen, for instance, to think England superior to Germany, and for the majority of Germans to think Germany superior to England; whereas the co-existence of these two opinions (together with its beneficent results) is absolutely impossible in the light of science. If this were so, Professor Pareto need not be deprived of his rest by any dread lest his own manual should produce a practical disaster by too widely extending the area of economic and sociologic knowledge; for it is difficult to believe that even on the Continent there is any large number of students who will be able to master its extraordinarily condensed and abstract exposition of economic science. In any case, however, we cannot help thinking that the author himself stands identified with a deep and far-reaching principle that disarms the contrast he alleges between the conditions of enlightenment and those of efficiency; for Pareto, more, I suppose, than any other economist, has taught us to realise and keep in view the fact that the marginal significance of any object of desire is, as a general rule, a function not only of the quantity we possess of that object itself, [p.554] but also of the quantity we possess of many, perhaps of all, other objects of desire. He has shown us, and in the present work he insists more than ever, that if we separate out any phenomenon A for examination, and pursue our speculations to a point at all remote from any given concrete
position, we must at once check our results by examining the corresponding changes in B, C, D, &c., which will probably accompany it; or, in his own terminology, we must never carry our analysis far without checking it by synthesis.\footnote{By the direct application of this principle Prof. Pareto exposed (in his Cours and in his Anwendungen der Mathematik auf Nationalökonomie) the fallaciousness of some of the reasoning in my own “Co-ordination of the Laws of Distribution.” And it was by an implicit application of the same principle that Prof. Edgeworth performed the same task elsewhere. I should like to take this opportunity of acknowledging the justice of both their criticisms.} Now in the present case it is surely grotesque to speculate on a condition of society in which the majority of mankind should be able to meet the exceptionally high demands which Pareto makes on those who pretend to scientific knowledge of economics, and should at the same time remain in essentially the same position which they now occupy with reference to stimuli to action. An educational and intellectual revolution such as no one (unless, indeed, it be Auguste Comte) has ever contemplated could not conceivably take place without being accompanied by other changes in the social organism which would induce a situation so unlike the present, in all respects, that we have hardly a gauge by which to measure the relations and reactions which would then exist. But it seems safe to anticipate that action would no longer be dependent on gross national illusions. The attempt to spread economic knowledge may be vain, but it is hardly dangerous.

The present reviewer cannot venture on more than a provisional criticism of the “Manual” as a whole, for he is only too well aware that the novel and concentrated treatment of economic problems which it offers presents many points which he has not yet fully grasped or assimilated, and he looks forward to a long period of continued and intensified study, and probably to the exposition and comments of other students, before attempting to estimate its full significance; for it is a work which is likely to modify and stimulate economic thought to an extent quite disproportionate to the number of its readers. It will probably be understood by few, but everyone who understands it will be influenced by it. The provisional judgment, however, which the perusal of the book suggests is already indicated in what we have said above. It is its strength that it carries Pareto’s\footnote{[p.555]} own principle a notable step further, and it is its weakness that it does not carry it far enough. The marginal significance of A is not a function of A alone, but a function of A, B, C, &c., and when this principle is driven through to its legitimate conclusion, we shall understand the impossibility of drawing a line between economic and non-economic phenomena; for it is impossible to carry an economic hypothesis far from existing facts without becoming aware that the reactions between economic and social conditions cannot be set aside as merely secondary; and it is impossible to raise the treatment of economic alternatives to any degree of abstraction (as by the diagrammatic or mathematical method), without perceiving that we are in reality dealing with a psychology of choice, the application of which extends far beyond economic problems. Both directly and indirectly, Pareto’s book brings us a long way towards this conclusion. It opens with a general Introduction to Social Science; it goes on to a treatment of economic problems more abstract and general, probably, than has ever hitherto been presented, wherein we hear nothing of consumption or distribution, and very little of production, but in their place are led to examine the “balance of desires,” the “obstacles” to their gratification, and the resultant equilibria. We find ourselves not exchanging-and
bargaining, but “ascending the hill of pleasure” by a “path” and to a “point” prescribed by the “obstacles.” The whole scheme is sketched out in what may be regarded as the central chapter of the book, and it is further elaborated in three following chapters, in which more concrete illustrations and considerations are introduced. Then follows a chapter on “Population,” dealing not only with the problems one would expect to find under that heading, but with the laws of movement and balance between the various strata of society, the range and distribution of incomes, and so forth. And finally, after some remarks on real and personal property, we reach the concluding chapter, in which the reactions between economic movements on the one hand and political and social movements on the other are carefully studied. Every page is original and suggestive. A mathematical appendix closes the work.

This sketch, however, taken by itself, would give a false impression in more respects than one. In the first place, the opening chapter is designed to emphasise not the connection so much as the difference between the methods of sociology generally and of economics; and it is designed to lead up to a definition of economics which will enable us to submit them to closer and [p.556] more scientific methods than are applicable to the other and vaguer branches of sociological study. Pareto, therefore, is by no means inclined to obliterate the boundaries of economic science. In economics, he says, “We shall study those actions of men which are logical, repeated, and numerous, and are undertaken to secure the things which satisfy their desires” (p. 142). The term “logical” indicates a mental connection between phenomena which has been brought into close approximation to the objective connection actually subsisting between them. But although our author repeatedly insists that all divisions and definitions are artificial, since the actual phenomena of life vary continuously (natura enim non facit saltum), yet he hardly seems to realise how very much this definition must be stretched if it is to include more than a very small part of the actual phenomena of the business; nor does he show any consciousness of what an immensely greater area is covered by his diagrams, his “curves of indifference,” his “hills of pleasure,” and his “paths of ascent,” than is covered by his definition of economics. May it not, indeed, be doubted whether there is ever room for frequent repetitions of choice on a large scale while the objective relations (including in this connection those relations between subject and object which are experienced, as distinct from those which are anticipated) remain constant?

Again, the central chapters of the work are not so closely knit together as might be gathered from our sketch. The details and acute observations in later chapters are not brought to bear with sufficient directness upon the abstract formula of the general treatment. They often stand apart from them, much as was the case in the author’s previous “Cours d’Economie Politique,” and in general far too little is said by way of explanation and justification of the forms of the curves which are assumed in the text and sometimes expressly formulated in the appendix.

It must be added, in conclusion, that while the purely abstract portions of the book are written with dignity and calmness, passion is but too clearly manifested elsewhere by the free use of sarcastic and pejorative epithets. And the facts cited to show the pernicious lengths to which certain modern tendencies may be carried would be more impressive
were they not discounted, to the English reader, by the presence in their ranks of such items as the following: “When [in England] elections are coming on, the candidates do not blush to send their wives and daughters to beg for votes, and to offer their hands and lips to a gross and unwashed populace” (p. 140). In 1904, we [p.557] are told, the Conservative Government, in expectation of an election, “gained the sanction of the House of Commons to a law relieving the Trade Unions of all responsibility connected with the strikes they promoted, and empowered the strikers to persecute blacklegs with impunity, giving it to be understood that this was but a small earnest of future and greater concessions” (p. 449)

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