

[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



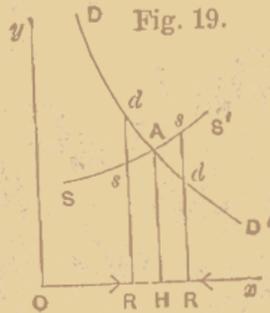
The greatest "improvement" in the productive powers of labour, and the order of its distribution, is the result of the industry and judgment with which it is conducted.

JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT

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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 amount actually produced, is greater than R_s the supply price, the production will be profitable, and will be increased. R , the amount actually carried on, will move to the right. On the other hand, if R 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 price 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 mentioned earlier, but less fully later on), we should have presented the case of a commodity which obeys the law 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... persisted... them to... and No... broader... § 7... with in

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