

[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



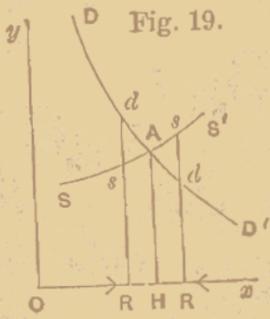
The greatest improvement in the productive powers of labour, and the order according to which its produce is naturally distributed among the different ranks of the people, is the effect of the division of labour.

JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT

PUBLISHED FOR THE HISTORY OF ECONOMICS SOCIETY

the person holding the string swings the ball 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 called for, 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 price is the same for all amounts of the commodity. If SS' is inclined negatively, but less steeply than the demand curve, we should have presented the case of increasing returns (we should have seen the necessity for this condition will appear more fully 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 commodities are not satisfied with Of course and Non-influences of which persist in them to and Non-broadened § 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 Ingraio, *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. 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 33 (2011): Institutional subscription rates, print and online: US \$470.00 in the USA, Canada, and Mexico; UK £293.00 + VAT elsewhere. Institutional subscription rates, online only: US \$444.00 in the USA, Canada, and Mexico; UK £277.00 + VAT elsewhere. Institutional subscription rates, print only: US \$454.00 in the USA, Canada, and Mexico; UK £288.00 + 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/australia/information/contacts_melbourne.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.**

© The History of Economics Society 2010

JOURNAL OF THE HISTORY OF ECONOMIC THOUGHT

Volume 32

Number 4

December 2010

Articles

Edwin Walter Kemmerer and the Origins of the Fed
Rebeca Gomez Betancourt 445

Machlup on the Transfer Problem
Kepa M. Ormazabal 471

South Side Blues: An Oral History of the Chicago School
Craig Freedman 495

How Influential Was Mechanics in the Development of Neoclassical
Economics? A Small Example of a Large Question
Ivor Grattan-Guinness 531

Closing the Model? The Harrod–Marschak Correspondence on the
Draft of the “Essay in Dynamic Theory”
Florencia Sember 583

Theses Abstracts

Till Düppe, *The Phenomenology of Economics: Life-World,
Formalism, and the Invisible Hand* 609

José M. Edwards, *Joyful Economists: Remarks on the
History of Economics and Psychology from the Happiness
Studies Perspective* 611

Tiziana Foresti, *American Economics at the Turn of
the 20th Century: Thorstein B. Veblen, Alfred Marshall, and
the Methodological Foundations of Institutionalism* 613

Troy Lynch, *A Theistic Analysis of the Austrian Theories
of Capital and Interest* 615

Guy Numa, *Regulations and Competition in the French
Railroad Industry 1823–1914* 617

Colin F. Wilder, <i>Property, Possession, and Prescription: The Rule of Law in the Hessian and Rhine-Main Region of Germany, 1648–1776</i>	620
Altug Yalcintas, <i>Intellectual Paths and Pathologies: How Small Events in Scholarly Life Accidentally Grow Big</i>	621
Index To Volume 32, 2010	623

HISTORY OF ECONOMICS SOCIETY

Founded in 1974

OFFICERS 2010–2011

President

Jerry Evensky, *Syracuse University*

President-Elect

Philip Mirowski, *University of Notre Dame*

Vice-President

Robert Leonard, *Université du Québec à Montréal*

Treasurer

Neil Niman, *University of New Hampshire*

Secretary

Thomas Leonard, *Princeton University*

Past Presidents

Steven G. Medema, *University of Colorado Denver*

Avi Cohen, *York University*

Elected Members

Philippe Fontaine, *École normale supérieure de Cachan* (2011)

Leonidas Montes, *Universidade Adolfo Ibáñez* (2011)

Nicola Giocoli, *Università di Pisa* (2012)

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

Editors of JHET

Marcel Boumans, *University of Amsterdam*

Evelyn L. Forget, *University of Manitoba*

Manager of Electronic Information

Humberto Barreto, *DePauw University*

Archivist

Craufurd Goodwin, *Duke University*