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OCTOBER 1977 VOL. 29 NO. 4

Consumer's
Surplus
Issue

Consumer's
Surplus

Producer's
Surplus

Producer's
Expenses



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IN THIS ISSUE

"The age of chivalry is gone," lamented Edmund Burke on the French Revolution then in progress. "The age of sophisters, economists, and calculators has succeeded. The glory of Europe is extinguished forever." The main point Burke sought to make is not of concern to the subject of this Journal, but a side-issue is: The phrase: "sophisters, economists, and calculators" carries a connotation which places Burke squarely in opposition to the subsequent emphasis in economics on theory, mathematics, and statistics. Several sophisters, calculators, and economists were born into the age succeeding the French Revolution, some of whom were trained in the mathematical methods of Newton and Leibniz. Among them was Dupuit, who published in 1844 his method for determining what Marshall later called consumer's surplus. Dupuit applied his ideas to problems of public policy. His ideas were lost for a while, along with other econometric ideas of W. F. Lloyd, Gossen, Cournot, and Verri. Jenkins independently redeveloped the idea of consumer's surplus in 1871. But the notion didn't enter the mainstream of economic thought until Marshall put it there in 1890.

In our first article, Mann traces the history of the idea of consumer's surplus and reviews its use in the literature of agricultural economics. Easter and Norton illustrate in the second article how the concept has been used to appraise the social value from corn and soybean research in the land-grant universities. Each of these authors applies the concept pretty much the way Dupuit and Jenkins intended.

The third article's authors take a different tack. They use the idea of consumer's surplus as a gimmick to trick a computer into providing the perfectly competitive equilibrium solution to a quadratic programming problem, an idea suggested to us by Samuelson in 1952.

Each of these articles is written by persons who believe in the usefulness of the idea of consumer's surplus, although Mann's article points to a few of the weaknesses in the concept. Readers may have their own opinions as to whether the age of sophisters, economists, and calculators, which uses concepts such as consumer's surplus to guide public policy, is to be cheered or lamented.

CLARK EDWARDS

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The Secretary of Agriculture has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director, Office of Management and Budget, through February 28, 1980.

In Earlier Issues

Science is defined as "a continuing process of problem-solving in order to give man a better control over his experience." . . . A more widespread understanding of this pragmatic conception of science is sorely needed and the late Professor (Leonard A.) Salter rendered a real service in writing his chapter on the subject. (Salter concludes) . . . that research workers are in doubt as to what to do to get research results and make contribution to the solution of land economic problems. . . . Yet it is a question whether the 'doubts and confusions' are as uniform throughout the whole field of rural social science as Professor Salter's conclusions suggest. . . . As a matter of fact, . . . evidence indicates that many research workers are still proceeding in blissful ignorance of any necessity for doubt and uncertainty. In many areas equilibrium economics is still enthroned, and its practitioners announce their conclusions with all the certainty and dogmatism of a revealed religion.

"Review of: *A Critical Review of Research in Land Economics* (Leonard A. Salter, Jr.)"
by Bushrod W. Allin. AER, Vol. I, No. 3, July 1949, pp. 98-99.

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