

3 to 4. The equation implies simply that the subjective desire for a dollar, or a dollar's worth of food, will also be as 3 to 4.

Equilibrium of Dollars Variously Spent

I have used alternatively "a dollar or a dollar's worth of food." But this implies another assumption which must be explicitly specified, namely, that the want-for-one-more dollar is the same as the want-for-one-more dollar's worth of food, and likewise as to one more dollar's worth of housing, or of anything else.

This is a familiar theorem in theoretical economics, resting on the idea that if, temporarily, there is any inequality between dollars in different uses, the family will speedily rectify it by spending more money in the direction where a dollar will bring more satisfaction than in other directions, until perfect equilibrium is established, whereupon one more dollar spent in any direction will bring exactly the same satisfaction as if spent in any other direction. Without such assumption of equilibrium, we would have not merely one uniform W_1 in Case 1, but many diverse W 's which we should have to distinguish as, say W_1' , for a dollar's worth of bread, W_1'' for a dollar's worth of sugar, W_1''' for a dollar's worth of potatoes, etc., all differing slightly from each other.

Strictly speaking such differences always do exist in some degree. But while there is never *absolute* equilibrium in this world, yet, for all practical purposes, I think we are safe in pinning our faith to this assumption of an approximate equilibrium of the want-for-one-more dollar's worth of all commodities and services, at least for all which are easily subdivisible.¹

The only exception to substantial equilibrium which is at all likely to trouble us in this statistical quest, is in respect to housing accommodation. Here the adjustments are so slow, that, with a rapid change in incomes or unequal changes in prices of foods, rents, etc., several months at least may be required before the tenants have had time to get their best money's worth. It takes time to find the best bargains which the new situation has created, time to move into new quarters, time to get free of lease

¹See my *Mathematical Investigations*, also Auspitz und Lieben, *Untersuchungen über die Theorie des Preises*, Leipzig (Dunkler & Humblot), 1889.