

Q 2) Explain the contribution of J.B. Clark?

Ans → He was born in 1847. Clark has introduced the marginal utility principle to the field of production and distribution. The marginal productivity theory of distribution is one of his significant contributions to economic thought.

Following are the contributions of J.B. Clark in the history of economic thought

① Factors of production:-

Clark said mainly about two factors of production. These are - labour and capital. He considered these two factors as fundamental factors of production. He regarded land as the special kind of capital good. Land is the gift of nature. No one can increase land by their wish.

② Distribution :-

Not only J.B. Say's but J.B. Coak also said that distribution is a social problem. Revenue needs to distribute among the social goods. He said that social justice is necessary for proper distribution of revenue. He said about the importance of perfect competition to achieve social justice in social distribution. According to him, monopoly increase the inequality in distribution.

③ Dynamic analysis :-

According to J.B. Coak, society is not a stagnant concept, it is flexible in nature. According to him, since demand supply changes, all economic concept also become changed. Population, climate, technology all become changes with respect to change in time period. Therefore, J.B. Coak gave special importance to dynamic analysis.

④ Marginal productivity theory of distribution :-

The base of the marginal

productivity of factors of production according to the marginal productivities. According to this theory the price or the earnings of a factor tends to equal the value of the marginal product. Thus rent is equal to the value of the marginal product (VMP) of land, wages are equal to the VMP of labour, and so on. The neo-classical economists have applied the same principle of profit maximisation ($MC = MR$) to determine the factor price. Just as an entrepreneur maximises his total profits by equating MC and MR, he also maximises his total profits by equating the MP of each factor with its marginal cost.

⑤ Theory of Capital:-

He considered capital as the most important factors of production. According to him, raw materials and

machines are the capital goods. According to him, capitalist must get interest for the use of capital.

Actually J. B. Clark was a pioneer of marginal school of thought. He had given his ideas on contribution in a systematic or mathematical way. So, his contribution in the history of economic thought is great.