ON SOME NEGLECTED BRITISH ECONOMISTS—II

V

In the preceding article[1] attention has been directed to the group of writers contemporary with, and immediately subsequent to, Ricardo. Some of these, like Torrens, we have found to be the originators of doctrines usually ascribed to Ricardo, while others like Craig accepted, but only with considerable reservations, the chief Ricardian doctrines. In the controversy that arose during the early twenties on the subject of value we found that important criticisms of the Ricardian theory were advanced by Bailey and Cotterill, and that the foundation stones for an entirely different theory were laid by Lloyd, the originator of the marginal utility doctrine of value.

We come now to another group of writers who flourished during the twenties and thirties, and who, while not neglecting the theory of value, endeavoured to cover the whole field of theory and practice of economics as it was then understood. Most of these were more or less bitter opponents, or at least severe critics, of Ricardo, and some of them made notable contributions to the science—none the less notable because they were passed over at the time, and have for the most part remained unnoticed up to the present.

Beginning with the authors of somewhat less significance in this list, let us turn our attention for a moment to John Rooke, who published in 1824 *An Inquiry into the Principles of National Wealth, Illustrated by the Political Economy of the British Empire*. This volume of almost five hundred pages differs from the ordinary manuals of economics chiefly in the fact that it devotes much space to the historical and practical aspects of the various problems with which it deals. Much of the work is prolix and complicated, but there are a few points of theory which deserve to be mentioned.

In the first place, Rooke sets forth the theory of rent, and

[1] Economic Journal, September, 1903, vol. xiii. p. 335.

claims that he was the first in the field to advance the correct doctrine. In a subsequent tract devoted entirely to the substantiation of this claim, Rooke outlines the details of his discovery.[1]

He tells us that the political events of 1811 and 1812 led him to study closely the economic basis of English prosperity, and to publish in *The Farmers' Journal* in 1814 and 1815 upwards of fifty essays, forming the substance of his *Inquiry*, which appeared a decade later. In his first essay, published in July, 1814, he discusses the cause of the rise in the price of corn. In the fourth essay, written in November, 1814, and published in February, 1815, he maintains the doctrine that "the cost of producing corn on the worst soils is the regulator of natural price," and that "the rent of land is the clear surplus produce which remains after the expenses that conduce to production and the ordinary profits of capital are deducted." In a fifth essay he contends that the price of agricultural labour is a sufficient test of the value of money.

The claim of Rooke seems to be well founded so far as the essays of Malthus and West are concerned. In fact, the essay of Rooke antedates that of Torrens.[2] There seems, in fact, to be little doubt that the doctrine of rent was developed practically simultaneously by Malthus, West, Torrens and Rooke in 1814; but so far as the priority of actual publication is concerned, the above list must be reversed, and in the interests of historical accuracy, Rooke and Torrens must hereafter be accorded the position which they deserve.[3]

Apart from the emphasis laid on the doctrine of rent, the chief claim of Rooke to recognition by modern writers is the fact that he is the first to lay down the rule of marginal cost as a universal principle. He puts the theory in the following words:—

"It is a general rule in the production of every marketable article that the last additional portion, added to the whole supply, will do no more than repay the cost of labour and the remuneration of the capital employed in its production. In case any commodity allows more than this, the supply will naturally

Claim to the original Publication of certain new Principles in Political Economy addressed in a Letter to E. D. Davenport, Esq. By John Rooke, author of *An Inquiry into the Principles of National Wealth.* London, 1825.

[2] See ECONOMIC JOURNAL, vol. xiii. p. 342.

[3] This does not imply any derogation from the reputation of Ricardo. The real ather of a doctrine is, after all, he who sees the important implications of a theory, who works them out in detail, and who makes them fit into his whole system of thought.

increase; and if the market value does not, upon an average, allow these two component parts of cost, the supply will diminish.

"It is this universal and active principle, diffusing and extending itself in every direction, which regulates the relations and proportions of political economy. Necessity marks out the natural bounds of value, and consumption and production are universally accommodating themselves to this first law, constantly regulated by the last additional portion of production, in reference to the demand. . . . The actual demands of the market determine the supply, and the supply is regulated by the lowest cost at which it can be brought to market."[1]

Rooke confesses that this view differs from the principles enunciated by Malthus and Ricardo, but thinks that "these able writers have not paid sufficient attention to the natural predicaments in which man is placed."[2] He shows his independence of Ricardo in other respects also, especially in his criticism of the historical portion of the theory of rent,[3] and in his objection to the neglect by Ricardo of temporary and incidental as opposed to permanent and abstract causes in the settlement of the money problem.[4] Although, like all his contemporaries, he does not make the correct distinction between profits and interest, he comes nearer to it than most of the other writers, and points out that it is a mistake to speak of a general rate of profits as a return for capital. Since risk and expenses of repair vary considerably in particular instances, "the rate of profits is greater or less in proportion to risk and repair." He adds: "It is not then in the actual employment of capital or hoarded labour that we are to look for a general rate of profits; but in the rate of income obtained for the use of it, or the annual interest of money loans."[5]

The fundamental proposition, upon which Rooke's entire volume is based, is that the formation of capital is continually accumulating new stores of wealth, and thereby cheapening the means of living. Although population tends to increase, "capital is constantly setting free the means of subsistence faster than population has advanced."[6] Hence all opposition to the introduction of new machinery is misplaced, even though it frequently happens that the immediate results are distress to the workmen:[7] "It would certainly betray a want of proper feeling

[1] *An Inquiry, etc.*, p. 26.
[2] *Ibid.*, p. 27.
[3] *Ibid.*, pp. 65 and 79.
[4] *Ibid.*, p. 300.
[5] *Ibid.*, p. 38.
[6] *Ibid.*, p. 41.
[7] *Ibid.*, p. 115.

if he did not commiserate the misfortunes of a body of men so numerous as the hand-weavers of plain cotton goods originally were."[1] Rooke tells us that we must look to ultimate, not immediate, results, and adds: "To suppose that man can be injured by forcing the elements into his service betrays a want of those reasoning faculties which enable us to overcome the imposing obstacles in our way."[2]

As against the optimistic conclusions of Rooke and the dominant school of economists there arose during the twenties and the thirties a school of critics known as the Ricardian socialists. These writers have been made familiar to us by Foxwell,[3] and therefore need no detailed mention here. There is, however, one exception, who seems to have escaped the notice of Foxwell—and that one, curiously enough, the earliest advocate of the theory of surplus value subsequently adopted by Marx. Percy Ravenstone wrote in 1821 a volume of almost five hundred pages, entitled, *A Few Doubts as to the Correctness of some Opinions generally entertained on the Subjects of Population and Political Economy.* We shall not stop to dwell on his criticism of Malthus, which does not materially differ from the other works of the kind. In a separate chapter, however, he discusses the rights of property, and finds herein the source of most of the evils which Malthus ascribed to the pressure of population. Ravenstone, indeed, is not a communist, for common property, he thinks, implies tyranny, and would lead to the worst possible form of government. In fact, it could exist only "amongst a small number of crazy fanatics."[4] Nor is private property in itself wrong. The natural right to private property is "the right to the work of one's own hands." "But this right is very different from that artificial right by which a man is enabled to appropriate to himself the ownership of lands which he does not occupy, and on which he does not exercise any industry."[5] "On this pretension of the landowner are built the pretensions of the market-manufacturer, of the tradesman, of the capitalist. All are founded on the same principle."[6] They all claim a share in the earnings of the real producer, and "the labour of the industrious is made subservient to the maintenance of the idle. The labourer must purchase the permission to be useful." The rights of property, says Ravenstone, while undesirable, are far

[1] *An Inquiry, etc.*, p. 117. [2] *Ibid.*, p. 115.
[3] In his Introduction to Menger's *The Right to the Whole Produce of Labour.*
[4] *A Few Doubts, etc.*, p. 197. [5] *Ibid.*, p. 199.
[6] *Ibid.*, p. 200.

less sacred than the rights of industry,[1] for the latter are independent of society, derive from a higher source, and owe their origin to nature itself, being as sacred as our existence. Unfortunately, thinks Ravenstone, in modern society, where property alone confers power, its rights are considered more sacred than those of industry, and the interests of the poor are sacrificed to those of the rich.[2] "Some doubt of the correctness of the modern doctrines of political economy, of the advantages arising from capital, may be suggested by the consideration that in all countries where there is the most wealth, there is the most misery."[3]

This general proposition leads Ravenstone to analyse more carefully rent and profit, which he considers equally indefensible in their modern form.[4] Rent he defines as the idle man's share of the industrious man's earnings. He goes on to explain, however, that it is "the excess of rents, not their existence, which overthrows society."[5] Taxes, again, as they are levied in England, fall chiefly upon the labourer.[6] But the principal enemy of the labourer at present is the private ownership of capital. Profit, like rent, capital, like property in land, "equally arise from the *surplus produce* of the cultivators' labour. The only difference is that rent shares directly, profit indirectly, in the earnings of the productive labourer."[7] It is worthy of remark that while Ravenstone is the first predecessor of Marx to advance the surplus value theory, Marx differs from Ravenstone in that he considers profit to be the direct, and rent the derivative, form of exploitation.

As our concern, however, is here with the economists proper, rather than with their Socialist critics, we shall not dwell longer on the interesting development of the fundamental idea of Ravenstone. Enough has been said to show that in him we have really the earliest of that group of writers who, during the twenties, sought to undermine the very basis of the edifice so carefully erected by the economists.

VI

A few years later than Ravenstone, and doubtless inspired by other Socialist[8] publications, one of which is quoted at great

[1] *A Few Doubts, etc.*, p. 204.
[2] *Ibid.*, p. 206.
[3] *Ibid.*, p. 207.
[4] *Ibid.*, p. 225.
[5] *Ibid.*, p. 229.
[6] *Ibid.*, p. 257.
[7] *Ibid.*, p. 311.
[8] Such publications were at this time called "labour publications." The word Socialist was used for the first time in 1831 in the *Poor Man's Guardian* in a letter

length, Samuel Read wrote *An Inquiry into the Natural Grounds of Right to Vendible Property or Wealth.*[1] This differed in its point of view from the current school of political economy. Read had started out during the currency discussion with several tracts on money and banking, and it was in connection with one of these that he accused McCulloch of plagiarism in a pamphlet of considerable vehemence.[2]

A year or two later he published the reply to Malthus in a tract[3] which advances for the first time the doctrine, anticipating the modern biological theory, that powers of increase in population are themselves weakened and diminished by the force of luxury and refinement. In his larger work, Read claims that he differs from his predecessors in that he discusses not only the question, "what is, or what has been," but also "what should be."[4] Political economy heretofore has been declared to be the science which treats of the production and distribution of wealth; Read wishes to treat of it "as an investigation concerning the right to wealth."[5] These rights, moreover, are not legal rights, for in the existing state of society "a *legal right* is not infrequently a natural and moral *wrong*."[6] It is in accordance with this conception that Read entitles his work an *Inquiry into the Natural Grounds of Right to Vendible Property.* In reading these and similar passages we are forcibly reminded of the

to the editor by an advocate of Owen's social schemes. The name became common in England during the thirties. It is therefore, not, as is currently, but mistakenly, stated, a French term in its origin.

[1] Edinburgh, 1829, 328 pp.

[2] This was entitled *Exposure of certain Plagiarisms of J. R. McCulloch, Esq., Author of two Essays on Reduction of the Interest of the National Debt, committed in the last published of these Essays, the Scotsman Newspaper and Edinburgh Review.* By Samuel Read, author of a *Tract on Money and the Bank Restriction Laws. In recto decus.* Edinburgh, 1819. Read pointed out that between McCulloch's two *Essays on the National Debt* which appeared in March and November respectively of 1816, his tract on money had been published in May, and he claimed that the change of front in McCulloch's second essay was due to an unacknowledged appropriation of his own suggestions. These suggestions were first, that in readjusting the currency the rule of justice is that debts should be considered discharged by the offer of the exact weight of bullion represented by the nominal sum of currency stipulated at the time the contract was made (p. 4); and secondly, that the interest on the debt contracted subsequently to the depreciation of the paper money should be so reduced that the creditors would receive precisely the amount of actual bullion which they lent (p. 19). Read also accused McCulloch of borrowing without acknowledgment passages from other authors, ncluding Hume (p. 31).

[3] *General Statement of an Argument on the Subject of Population in answer to Mr. Malthus's Theory.* By Samuel Read. London, 1821. See esp. pp. 13 and 32.

[4] *An Inquiry, etc.*, p. xxvii.

[5] *Ibid.*, p. ix.

[6] *Ibid.*, p. xxiv.

views of Sismondi, as well as of the modern ethical school of economists.

In the body of his work where he attempts primarily to explain "what is," Read shows himself a great admirer of Adam Smith as against the "dogmas and paradoxes"[1] of Ricardo and the "Ricardo school."[2] His excellent definition of wealth deserves to be quoted: "Those external, material objects . . . useful to mankind, which it costs some exertion of human labour . . . to produce or acquire . . . and which . . . can be transferred from one to another."[3] In a succession of paragraphs he emphasises, quite in the spirit of the most approved modern treatises, but partly in opposition to most of the text-books of his day, the fact that wealth does not include free, internal, useless, or unappropriable goods.[4] He follows Smith in making the distinction between productive and unproductive labour, but proceeds to explain it away, as in his acceptance of Scott's contention that an author may be a productive labourer.[5] He gives a definition of capital which is of interest in view of the recent theories of Fisher and Cannan, saying that "capital consists of accumulated wealth, which is or may be applied to assist in the work of production, which is nearly equivalent to saying that it consists of all wealth whatever."[6] He adds in a note that "there is no real use in the distinction which has been attempted . . between stock or wealth generally or capital."

Read's opposition to Ricardo is shown in many ways. He criticises unreservedly the statement that labour is the sole cause of wealth. He considers this "a most mischievous and fundamental error,"[7] mischievous largely because of the conclusions that have been drawn from the principle by the "labour writers." Read is the first thinker clearly to perceive that through this theory of value the Ricardian economics leads logically to the Ricardian socialism. Marx, like his predecessors in England, based himself frankly on Ricardo, and drew from Ricardo's labour theory of value a seemingly logical conclusion of social politics, which is at the very antipodes of that of the Ricardian economists.

Read confesses that in his main point of theory he has been anticipated by Bailey, the author of the *Critical Dissertation;*[8] but Bailey, as will be remembered, had paid no attention to the application of the theory made by the Socialists. Wealth is not the result of accumulated labour, says Read, but of labour and

[1] *Ibid.*, p. vi.
[2] *Ibid.*, p. 244.
[3] *Ibid.*, p. 1.
[4] *Ibid.*, pp. 2—3, 7—9.
[5] *Ibid.*, p. 41.
[6] *Ibid.*, p. 65.
[7] *Ibid.*, p. xxix.
[8] *Cf.* above, p. 353.

capital. Capital is incorrectly described as accumulated labour, for labour cannot be accumulated. Moreover, in every period of society, except in the very origin, all accumulations of wealth have been made with the existence of previous accumulations of capital,—accumulations not of labour, nor even of the effects of labour. "If it should be said that capital could not do what is done without the assistance of labour, neither, I reply, could labour do what is done without the assistance of capital."[2] Read confesses, indeed, in another place, that whereas capital can produce *nothing* without labour, labour can produce *something* without capital; but he makes his meaning clear by adding that when we come to ask how much either labour or capital can produce unaided we see at once the futility of the distinction.[3] For it is obvious that in the present state of society far more is due to the productive force of capital than to the productive force of labour. Hence such writers as the author (Bray) of *Labour Defended against the Claims of Capital*, whom Read quotes copiously,[4] are wide of the mark in claiming that since labour, according to the Ricardian theory, is the sole cause of value, the whole produce of labour, that is, all accumulated wealth, belongs to the labourer, and that rent and profits are robbery. It is McCulloch, even more than Ricardo, who, according to Read, is responsible for these perverted views on the part of the Socialists or "Labour Theorists."

While Read criticises the contentions of the Socialists, however, and emphasises the need and efficacy of capital, he is by no means unaware of the exaggeration in the extreme claims of their capitalist opponents. "The labourers have been flattered and persuaded that they produce all, whilst the capitalists on the other hand have combined and established laws of preference and favour which really tread upon the rights of the labourers."[5] "On the contrary," says Read, "while the labourers must be made to understand that they *do not* produce all, whenever they seek the assistance of capital; the capitalists lending that assistance must be equally instructed that . . . no individual can have a right to exclude or interdict others from coming forward or to attempt to enhance their gains by means which are unjust or injurious to their neighbours."[6]

[1] *Ibid.*, pp. 14—15. [2] *Ibid.*, p. 84. [3] *Ibid.*, pp. 129—130.

[4] *Ibid.*, chap. ix., sec. iii., pp. 118—140 *et al.* For Bray's tract see Foxwell's introduction to Menger's *Right to the Whole Produce of Labour*. Foxwell does not refer to Read's criticism.

[5] *An Enquiry*, p. xxix. [6] *Ibid.*, p. xxxiv.

Accordingly, while private property in land is defensible, because of the application of capital to land, there is a certain degree of truth in the contention that there is a common right to the "bare uncultivated earth, unappropriated and unimproved by labour." [1] Read concludes from this that a moderate part of the annual produce of the land should be paid to the Government in the shape of a land tax or quit rent. Such a fund, which should not amount to more than 12 per cent. of the rent would, in Read's opinion, obviate the necessity of any other taxes except in extraordinary emergencies.[2] Another scheme of social amelioration which is suggested by Read is the assertion of a full legal provision for the support of the poor, which should include weekly payments not only to the aged and infirm, but also to the unemployed.[3] "The right of the poor to support, and the right of the rich to engross and accumulate, are correlative and reciprocal privileges, the former being the condition on which the latter is enjoyed." [4]

Read's general opposition to Ricardo is seen in a number of other points. He accepts Adam Smith's theory of rent in preference to that of Ricardo. He characterises as "futile and absurd" [5] the statement of Ricardo that rent is paid for the "original and indestructible powers of the soil," and he points out how, in a later edition, Ricardo has "studied himself fairly out of" this theory.[6] He is unsparing in his criticism of Ricardo for the neglect of the element of situation, rather than of fertility in the rent problem; [7] and he maintains that because rent is the consequence, not the cause, of high price, it by no means follows that rent is not a component part of price. "Rent actually does form a constituent part of the price of commodities." [8] The Ricardian theory of natural wages is equally erroneous, says Read, because Ricardo fails to observe the possibility of a continual rise in the standard of life. "Not only is it *natural* that mankind should increase their numbers and quite possible for them to do so indefinitely, and to increase their wealth and the price of their labour at the same time, but . . . such a progress is the *natural and necessary course of things*, under any tolerable system of liberty or security or good government." [9] "The natural price of labour is, therefore, not a fixed quantity, as Ricardo thought, but a constantly increasing quan-

[1] *Ibid.*, p. 107. [2] *Ibid.*, p. 111. [3] *Ibid.*, pp. 361, 365.
[4] *Ibid.*, p. 375. [5] *Ibid.*, p. 293. [6] *Ibid.*, p. 296.
[7] *Ibid.*, pp. 298—301. [8] *Ibid.*, p. 243. [9] *Ibid.*, p. 252.

tity."[1] This result, in Read's judgment, is very largely due to the increasing productivity of capital. Finally, the effort of Ricardo to show that profits and wages vary inversely to each other is, according to Read, equally unfortunate.[2]

Not the least striking part of Read's constructive work is his attempt to identify profits with interest. He does not, of course, deny the existence of "business gains," but he thinks that all such gain as exceeds the ordinary rate of interest "is either wages—that is, remuneration or reward for labour or industry or ingenuity or skill in the use and application of that capital—or otherwise it is the result of fortune or accident—that is, of secret and unknown causes."[3] Such causes "sometimes occasion greater or less gain in trade, or no gain at all, and sometimes a loss," and ought to be properly considered as a *compensation for risk*. This compensation for risk must not be confounded with the wages of labour or with the "profit ordinarily derivable from capital." Since, therefore, such accidental gain is regulated by no certain principle, it is "without the pale of political science, which is conversant alone with known and determinate causes, rejecting others with disdain."

This passage is interesting. Read indeed uses the word profit as identical with interest for the reason given above, although he at once recognises the objection to this nomenclature, and suggests as a possible substitute the term "rent of capital."[4] But the real importance of the passage lies in the fact that in his description of gain "which lies without the pale of science," we have the origin, in England at all events, both of the modern "risk theory" and the modern "*entrepreneur* theory" of profit. Had Read not been so reluctant to transcend the "pale of science," the analysis at which he hints would doubtless have been developed with his customary acumen and common sense.

In his last chapter Read discusses the subject of public finance. His theory of incidence of taxation is opposed to both the Physiocrats and the Ricardians. "The old French economists who still have a few followers, maintain, that all taxes fall wholly upon the land, or upon rent, denying that either profits or wages afford any; the Ricardo economists again contend that taxes fall entirely upon rent and profit, denying in like manner that wages afford any." Read asserts that both

[1] *Ibid.*, p. 253.
[2] *Ibid.*, p. 249.
[3] *Ibid.*, p. 263.
[4] *Ibid.*, p. 264, note.

these opinions are erroneous, and that the theory set forth by Smith and Hume alone is sound—the theory "that all three distinct sorts of revenue afford taxes."[1] Taxes on wages are shifted only when wages are at the real minimum of subsistence, a condition which is not found in general.[2] Being such an admirer of Hume, it is not strange, perhaps, that Read should accept Hume's theory that taxes when "moderate and laid on judiciously and slowly" may, at first, by exciting a "spirit of industry where it was before wanting, be for a time rather useful and advantageous."[3] Like Hume, however, he thinks that taxation often passes this limit and proves a sensible and even grievous burden on the mass of the people.

It is evident from this review that Read merits further study. Although in the main a conservative and almost an orthodox economist, notwithstanding his objections to the Malthusian theory, Read deserves recognition in four particulars: he is an acute critic of some of the weak points in the classical theory of distribution; he is the first economist to show the connection between Ricardian economics and Ricardian socialism; he is in part the originator of the risk theory of profits, and he is above all the first English economist who, while unreservedly recognising the function of capital, emphasises the fact that the capitalist has duties as well as rights, and that economics is not only a science of what is, but also a science of what ought to be.

VII

Of considerably less originality than Read, but, nevertheless, worthy of mention, is Sir George Ramsay, who published in 1836 *An Essay on the Distribution of Wealth.*[4]

Ramsay's chief claim to attention is to be found in the fact that he attempted, but with meagre results, to introduce into England conceptions which had become familiar to the French economists. He adopts from Destutt de Tracy the consideration that production means either change of form or change of place,[5] although he points out later that there is a third fundamental change, namely, change of time. It is, accordingly, to Ramsay that we must ascribe the first statement in English of the division into form, place, and time value, a distinction which modern

[1] *Ibid.*, pp. 376—7. [2] *Ibid.*, p. 381. [3] *Ibid.*, p. 385.

[4] This was published at Edinburgh as a volume of 506 pages. Ramsay wrote a number of other works, but exclusively on political and philosophical topics.

[5] *An Essay, &c.*, p. 17.

writers usually credit to Knies. Ramsay also borrows from the French writers, and especially from Storch, the Russian economist, the conception of the *entrepreneur* as separate from the capitalist. He distinguishes carefully between that part of the gross profits of capital which takes the form of interest or net profit paid for the use of capital, and the remainder which constitutes the "profits of enterprise." Not venturing to use the term *entrepreneurs*, Ramsay suggests the word masters. He is at first inclined to speak of this share in distribution as "Profits of the Master," [1] but finally decides upon the term profits of enterprize, or, as he spells it elsewhere, enterprise.[2] The masters, he thinks, must not be confused with the capitalists, although when we speak of gross profits, we mean the return of the master-capitalists.[3] The net profits of capital or interest is a compensation for the use of capital while the masters' return or profits of enterprise is the compensation for the trouble and risk incurred, and the skill exerted in the business of direction and superintendence.[4] Ramsay devotes almost a quarter of his entire work to the analysis of these two constituent elements of profit. The return to capital proper, or interest, is not regulated, as the current theory states, by the competition of capitals, but is ultimately fixed by the "productiveness of industry," and not by the productivity of industry in general, but chiefly by the return to those branches of industry employed in producing the necessaries of the labourer and the various elements of fixed capital.[5] "The only competition which can affect the general rate of gross profit is that between master-capitalists and labourers."

The profits of enterprise are made up of three parts—the salary of the master, insurance for risk, and surplus gains.[6] The surplus gains, thinks Ramsay, increase in a greater proportion than the capital employed.[7] This leads him to a consideration of the subject of "concentration of capital." His analysis, quite in the French style, brings him to the conclusion that combination means economy of management and a more rapid increase of natural wealth.[8] But this does not exhaust the question of its desirability, "for we must always bear in mind that the manner in which riches are divided and distributed is a matter of no less consequence than their absolute quantity." [9] It is chiefly because some economists have devoted too exclusive an attention to production, rather than to the question of distribution, thinks

[1] *Ibid.*, p. 193. [2] *Ibid.*, p. 208. [3] *Ibid.*, p. 79.
[4] *Ibid.*, p. 190. [5] *Ibid.*, p. 206 ; *cf.*, p. 154. [6] *Ibid.*, p. 226.
[7] *Ibid.*, p. 229. [8] *Ibid.*, p. 240. [9] *Ibid.*, p. 243.

Ramsay, that the science of wealth is now beginning to be "covered with unmerited obloquy."[1]

In other points Ramsay is more influenced by the English than by the French writers. He refuses to accept Say's conception of immaterial wealth, and adopts unreservedly Smith's distinction between productive and unproductive labour.[2] In many cases, however, he tempers his approval of the English doctrines with some reservations which seem to show the influence of Read. He follows Ricardo and Malthus in his treatment of the problem of wages and population, but he is careful to emphasise the effect of the standard of life on wages, and he questions the existence of a "natural or necessary price of labour" in the sense of a minimum of subsistence.[3] He shows a commendable sympathy with the factory laws, although he bases his defence on the theory that since the ratio between capital and population remains the same, labourers who work short hours will not receive any less than those who work long hours.[4] He accepts the theory that profits vary inversely as wages, but claims that this is not the whole truth.[5] For since, as has been pointed out above, profit varies directly as the productivity of labour and capital, if productivity increases both profit and wages may be high. High profits due to increased productivity are a benefit to the community; high profits resting on low wages are a menace. For, "the object of political economy being to show, not only how the greatest amount of wealth may be obtained, but also how it may be distributed most advantageously among the different classes of society, that must be allowed to be a strange system which would give as little as possible to by far the most numerous body of all, the labourers."[6] Ricardo's whole theory he deems incomplete, because Ricardo overlooked the fact that "the ultimate cause of the variation in money wages, and hence in profits, is a change in the productiveness of industry." [7]

In two other points Ramsay foreshadows recent discussions. He accepts the classical theory of rent, but maintains that the rent paid on the worst land devoted to a particular use virtually enters into the price of some other use, or the produce of some other use, of the land. "Although rent unquestionably owes its origin to a high price of corn, or whatever may be the principal vegetable food of the people, yet when once created, it prevents the supply of other productions of the soil, such as animals and

[1] *Ibid.*, p. 245.
[2] *Ibid.*, pp. 31—2.
[3] *Ibid.*, p. 133.
[4] *Ibid.*, pp. 100—2.
[5] *Ibid.*, p. 141.
[6] *Ibid.*, p. 143.
[7] *Ibid.*, p. 174—5.

grass for the subsistence of animals, from becoming immediately equal to the demand, and so keeps up the price until they rise sufficiently to give as good a rent as corn. In this manner the rent paid for one species of produce becomes the cause of the high value of others. Rent, then, in its origin is an *effect* of high price, but afterwards becomes itself a *cause* of the high price of various objects of rural industry." [1]

This is the entering wedge of the overthrowal of the doctrine that rent does not enter into price, and is virtually the same theory as that advanced by Prof. Marshall in the later editions of his *Principles*. It is not to be wondered at that Ramsay does not recognise the full bearing of the concession, for neither does his distinguished, but unconscious, follower. It is interesting, nevertheless, to note the origin of the idea.

The second point is the importance attached by Ramsay to the element of time in production. In his discussion of value he maintains that the principle that value depends on the quantity of labour is very considerably modified by the use of capital. Commodities "in which the same quantity of labour has been expended may require very different periods before they are fit for consumption." [2] He takes as an example two casks of identical wine. The cask which is kept in the cellar for several years increases in value; and since the cask of wine "constitutes a fixed capital," the increase of value is due "to a capital withheld." [3] Therefore value depends not only on labour expended, but "on the length of time during which any portion of the product of that labour has existed as a fixed capital." [4] In this, says Ramsay, we see the real importance of capital in the process of production.

Finally, attention must be called to a remarkable passage in the closing chapter devoted to the practical conclusions from Ramsay's principles. Ramsay maintains that were the corn laws to be proposed as a new system, he would certainly oppose them; but now that the whole agriculture of England has been built up on them, he deprecates their entire abolition, because it will mean a sacrifice of agricultural to industrial prosperity. But it is very questionable, thinks he, whether this industrial prosperity, founded on a temporary monopoly, will endure. He adds:

"Mr. Malthus has remarked that it cannot be considered a natural, that is, a permanent state of things, for cotton to be

[1] *Ibid.*, pp. 278—279; *cf.* a similar passage on p. 463. [2] *Ibid.*, p. 43.
[3] *Ibid.*, p. 44. [4] *Ibid.*, p. 59; *cf.* p. 29.

grown in the Carolinas, shipped for Liverpool, and again exported to America in its finished condition. The time must come when the United States will fabricate for themselves. The same observations may be applied to other nations. It is quite clear that, unless there be some extraordinary natural advantages peculiar to Great Britain, it cannot have any right to suppose that it shall always supply the greater part of the world with manufactures at a cheaper rate than that at which they can be raised in the respective countries. Much less is it entitled to imagine that *no* other people can ever come into competition with it, and furnish neighbouring or distant lands on as cheap terms as itself." [1]

The question as to how far it was entirely wise for England to sacrifice her agriculture to her industry [2] has not yet been definitely answered. The events of the next quarter of a century will put us in a better position to reply. But in view of the "Back to Protection" or "Retaliation" cry which is now so loudly voiced in Great Britain, the arguments of Ramsay are far from untimely.

VIII

The last of the group of writers to be discussed is one who is in some respects the most remarkable of all—Mountifort Longfield. In 1832 a professorship of political economy was founded by Archbishop Whately under conditions similar to those of the Drummond professorship at Oxford. Whately succeeded Senior in the Oxford position in 1831, and published in the following year his *Introductory Lectures on Political Economy*, in which, as is well known, he proposed to substitute for the name Political Economy that of Catallactics.[3]

[1] *Ibid.*, p. 496.

[2] That this would be the result of the teachings of the Ricardians was clearly perceived at the time in England. One of the most vehement opponents of the "manufacturing economists," as he calls them, was the author of the tract entitled: *Four Letters to Earl Grey, to beware of the Economists*. London, 1830. The author points with withering scorn "to what extent these Economists would change the whole structure of this country; with what cool indifference they would transfer a million of cultivators to the hot steaming atmosphere of a cotton mill, or to the damp weaving room of a Lancashire manufacturer" (p. 24). The author uses as a motto of his work the statement as to rent published by James Anderson in the *Bee* in 1791, which he hints was plagiarised by the "Ricardo school," although he claims that they drew from this theory of rent conclusions exactly opposite to those of the real discoverer of the theory.

[3] Whately's influence may be seen in a number of minor followers, as *e.g.*, in the *Letters on the Rudiments of a Science called formerly improperly Political Economy, recently more pertinently Catallactics, from Patrick Plough, a Yeoman in the country, to his sons, young men in the Town.* 1842.

When Whately was called to Dublin as an ecclesiastical dignitary, his interest in his old subject was so strong that he proceeded forthwith to endow a chair of political economy, of which the first incumbent was Longfield. The eleven lectures which Longfield delivered during his first year were published as the *Lectures on Political Economy, delivered in Trinity and Michaelmas Term*, 1833.[1] Some of his lectures during the two ensuing years also saw the light, but may be passed over here with a bare mention.[2]

Although there is a short notice of Longfield in Palgrave's *Dictionary*, the writer has entirely missed the real contribution of Longfield to economic science.[3]

Longfield adopts many of the doctrines of the classical school, but states that he is compelled to dissent from not a few of their fundamental notions on the distribution of wealth. Above all, he differs from the Ricardians on the theory of profits and its place in the scheme of distribution.[4]

Longfield's general theory of value is noteworthy in that he not only puts very lucidly the influence of cost of production upon the supply side of the equation between supply and demand,[5] but calls attention to the demand side as well. In discussing this part of the subject, he points out that although the intensity of the demand varies with different persons, all will effect their purchases at the same rate, viz., at the market price. "Now if the price is attempted to be raised one degree beyond this sum, the demanders, who by the change will cease to be purchasers, must be those, the intensity of whose demand was precisely measured by the former price." "Thus the market price is measured by that demand, which being of the least intensity yet leads to actual purchases."[6]

Longfield goes on to point out that not only does intensity of demand vary in this way, but "the same person may be said to have in himself several demands of different degrees of intensity." The consumption of food will fall off with every increase of price due to scarcity. "That portion which any person ceases to con-

[1] By Mountifort Longfield, LL.D., Fellow of Trinity College, Dublin, and Professor of Political Economy, Dublin, 1834, 267 pp.

[2] These were *Four Lectures on the Poor Laws*, 1834, and *Three Lectures on Commerce and One on Absenteeism*, 1853. Many years later Longfield wrote an essay on *Irish Land Tenures* for the volume published by the Cobden Club in 1870, on the Land Question.

[3] It is to be noted, that Cannan quotes two passages from Longfield's book. Cannan, *op. cit.*, pp. 266, 309. Cannan, however, seems not to recognise Longfield's importance in other respects.

[4] *Lectures*, preface, p. vii. [5] *Ibid.*, p. 47. [6] *Ibid.*, p. 113.

sume in consequence of a rise in price or that additional portion which he would consume if prices should fall, is that for which the intensity of his demand is less than the high price which prevents him from purchasing it, and is exactly equal to the low price which would induce him to consume it."[1] Pursuing this train of reasoning through successive degrees of high price, Longfield concludes that "each individual contains, as it were, within himself a series of demands of successively increasing degrees of intensity; that the lowest degree of this series which at any time leads to a purchase is exactly the same for both rich and poor, and is that which regulates market price; and that in the case of the rich man the series increases more rapidly, that is to say, the intensity of his demand increases more rapidly in proportion to the diminution of his consumption than in the case of the poor man."[2]

In these passages we see that Longfield virtually expounds the doctrine of marginal demand. It is this marginal idea which he applies to the supply side of the schedule as well, and which results in his most characteristic contribution to economics.

He tells us, for instance, that it is a great mistake to suppose that even if we accept the theory of labour as a proper measure of value, it is "necessary that the whole supply of the commodity should have its value entirely derived from the labour expended in its production. It is sufficient if some part, of equal value with the rest, can thus be as it were resolved into the labour which created it."[3] He goes on to explain that in practically all commodities there exists some such portion. "That portion of every commodity whose value admits of being thus measured is that part which is produced under what I shall call the most disadvantageous circumstances; that is, under those circumstances which require the greatest expenditure of labour in order to produce any certain quantity of that commodity."[4]

In these passages we have an exposition of the theory of marginal cost, as well as that of marginal demand. It is in the theory of profits and interest that we find the application not only of the marginal idea, but of the productivity idea as well, thus combining to form the conception of marginal productivity.

Longfield accepts the theory of rent, as advanced by the Ricardians, but objects to the doctrine that profits are regulated by the fertility of the worst soils under cultivation. He thinks that this "ingenious theory"[5] is destitute of foundation, and that

[1] *Ibid.*, p. 114. [2] *Ibid.*, p. 115. [3] *Ibid.*, p. 34.
[4] *Ibid.*, pp. 34—35. [5] *Ibid.*, p. 182.

the soil has scarcely any direct influence upon the rate of profits. The error rests, in his opinion, upon an incorrect analysis of capital and its return. The essence of the service of capital consists, according to Longfield, in roundabout production. "Let us attend carefully to the important part which capital performs in the work of production, and we shall see how long a period must frequently elapse before certain labour has produced its full effects."[1]

After explaining this at some length, he endeavours to analyse more carefully the conception of production as applied to capital. "Of capital, there is not, properly speaking, any cost of production, except that sacrifice of the present to the future, which is made by the possessor of wealth who employs it as capital, instead of consuming it for his immediate gratification."[2] Longfield recurs continually to the conception of this equalisation of the present and the future as constituting the real function of capital. The more quickly capital is accumulated, he tells us in another place, and the lower the return, "the first direct and most striking effect is to render the future and present period of nearly equal importance."[3] In all questions of the return to capital, we are "comparing present and future advantages."

It is evident from these passages how exaggerated is the extreme contrast sought to be drawn by Böhm-Bawerk between the "productivity," and the "agio" theories of interest. For here, in at least one writer, we have the productivity theory explained in terms of the "agio" theory. All of which impels us to the conclusion that there is far less difference between the brilliant Austrian economist and his English predecessors than is commonly imagined.

It will be seen from the above that Longfield uses profits in the sense of general returns to capital, and that his theory of profits is really a theory of interest. This brings us to the application made by Longfield of the conjuncture of the productivity theory, in his sense of the term, and the marginal theory of cost and demand.

Capital is useful, he tells us, by advancing to the workman the value of his labour before the produce is sold to the consumer, and by supplying the labourer with instruments, tools, and machinery.[4] The owner of the machine will be paid for the use of it in proportion to its value, the injury it receives from use, and the time during which it is lent and "not in proportion to its

[1] *Ibid.*, p. 163.
[2] *Ibid.*, p. 196.
[3] *Ibid.*, p. 230.
[4] *Ibid.*, p. 187.

effect in increasing the efficiency of the labourer." This is a consequence of the principle of competition, for if the owner of one machine could obtain more for its use than the owner of another of equal value and durability, more of the former would be made until the profits of each were reduced to their level. "This level must be determined by the least efficient machine, since the sum paid for its use can never exceed the value of the assistance it gives the labourer." [1]

Longfield is at great pains to explain this process more in detail. He pictures the development much in the same way as do Wieser and Clark in recent years in their description of the "imputation" theory. He uses the hypothesis that the produce of the soil is raised by labourers entirely destitute of capital. Unless they are quickly to relapse into barbarism, some tools must be used. Suppose that the capitalist now puts this first spade "into the hands of the ablest labourer he can find, paying him as wages, so much as, without the aid of such an instrument, he could earn for himself. The profits which the capitalist or owner of this instrument will reap will be the difference between the quantity of work which the labourer can do with and without its assistance. But as the number of such instruments increases, in the hands of the same or different capitalists, other and inferior labourers must be employed to use them, and according to the principle which I have just laid down, the rate of profits must be determined by those cases in which the efficiency of capital is the least; that is, on the supposition I have just made, the profits of a single tool will be equal to the difference of the quantities of work which the feeblest labourer could execute with or without its use." [2]

Longfield applies this reasoning to the profits of capital in general, and concludes that the return to capital is equal to the assistance given to labour "by that portion of capital which is employed with the least efficiency, which I shall call the last portion of capital brought into operation." [3] Or, as he puts it in another place, "the rate of profits may be measured by the efficiency in assisting labour of the least efficient capital." [4]

[1] *Ibid.*, pp. 187—8. [2] *Ibid.*, pp. 191—192. [3] *Ibid.*, p. 194.

[4] *Ibid.*, p. 227. In another passage Longfield puts the same point a little differently. He says: "If a spade makes a man's labour twenty times as efficacious as it would be if unassisted by any instrument, one-twentieth only of his work is performed by himself and the remaining nineteen-twentieths must be attributed to capital. And this is the measure of the intensity of the demand for such an instrument. A labourer working for himself would find it for his interest to give nineteen-twentieths of the produce of his labour to the person who would lend him one, if the alternative

Thus we have in the most unequivocal language the marginal productivity doctrine interest—a doctrine, the origin of which has usually been ascribed to von Thünen, and which has been adopted and adapted by recent thinkers. Yet here again, before von Thünen published his second volume which contains the theory of interest, the identical doctrine had been advanced by an Englishman, or rather an Irishman. Longfield, indeed, did not pursue his analysis so far as to distinguish between profits and interest, and it is for this reason that he argues in opposition to Torrens that profits do form a part of cost of production.[1]

The discovery of the marginal productivity theory of interest is not Longfield's only claim to distinction. In his theory of wages also he marks a decided advance. The accepted theory of wages taught that wages depend on the standard of life, or on the means of subsistence. This whole Ricardian theory seems to Longfield to rest on a mistaken application of the cost of production theory of wages.[2] The cost of production theory is not applicable to labour, according to Longfield, because "the labourer is not produced for the sake of what he can earn."[3] The expression is merely metaphorical, and analogy, says Longfield, is not argument. The standard of life is not the cause, but the result.

The correct theory, according to Longfield, may be summed up in the statement that "the wages of the labourer depend upon the value of his labour, and not upon his wants, whether natural or acquired."[4] He adds, "that if his wants and necessities exercise, as they do, some influence upon the value of his labour, it is indirect, and secondary, produced by their effect upon the growth of the population, and that this effect is not analogous to the effect which the cost of production has upon the price of commodities."

Wages, like the value of everything else, depends upon the relation between the supply and the demand. The supply consists of the existing race of labourers. But "the demand is caused by the utility or value of the work which they are capable

was that he should turn up the earth with his naked hands; or if he worked for another, his employer might pay a similar sum for the purpose of supplying him with an instrument. But this profit is not paid, because on account of the abundance of capital in the country much must be employed in cases where in proportion to its quantity it is not so capable of multiplying the efficiency of the labourer; and the profits on this portion must regulate the profits of the rest." *Ibid.*, p. 195.

[1] *Ibid.*, Appendix, p. 248.
[2] *Ibid.*, p. 202.
[3] *Ibid.*, p. 203.
[4] *Ibid.*, p. 206.

of performing."[1] Hence follows the important conclusion that "wages must be paid out of the produce, or the price of the produce of their labour," and that the real element of significance is "the rate of profit and the productiveness of labour employed in the fabrication of those commodities in which the wages of labour are paid."[2]

The objection might indeed be raised that in this passage Longfield is not quite clear as to the exact relation between profits and wages. Of the truth of his fundamental proposition, however, he is assured. Wages are intimately connected with product. The true theory of wages, in other words, is a productivity theory.

It is for this reason that Longfield denies the possibility of machinery reducing wages. "A machine is never resorted to except for the purpose of producing commodities more cheaply, that is, more cheaply, independent of any reduction in the wages of labour or the rate of profits."[3] New capital means lower prices, not lower wages; and since each man's wages will now purchase more than before, increase of capital virtually leads to higher wages.

A writer who holds as Longfield did to the productivity theory of wages and the marginal productivity theory of interest must necessarily arrive at conclusions as to social progress very different from those of the Ricardian school. He agrees with Ricardo and Malthus that the productiveness of agricultural labour tends to diminish, and that the increase of population tends to raise profits and to lower wages.[4] But, on the other hand, he points out that capital in general tends to increase, and the rate of profits therefore tends to decline, while the evil arising from the necessity of resorting to poorer soils may be neutralised by other circumstances, such as improvements in agriculture. Above all, an improved system of division of labour and the extension of machinery in manufactures will enable the labourer to live more comfortably than before. He will gain more in this way than he will lose by the dearness of food and raw materials. For "in the normal progress of society, if it is well governed, the rate of profits will diminish, labour will become more productive, and the relative value of each man's labour will increase."[5]

With this far from pessimistic conclusion as to the future of industrial society, Longfield closes his remarkable lectures.

The productivity theory of wages and the marginal produc-

1 *Ibid.*, p. 210. 2 *Ibid.*, p. 215. 3 *Ibid.*, p. 219.
4 *Ibid.*, p. 235. 5 *Ibid.*, p. 239.

tivity theory of interest as expounded by Longfield seem to have passed unnoticed except in Ireland itself. Longfield was succeeded as Whately professor at Dublin by Isaac Butt, who accepted his predecessor's conclusions as a henceforth well-established part of economic theory. In a monograph entitled *Rent, Profits and Labour*,[1] Butt repeats and develops the doctrine. He speaks of the "most important additions to the discoveries of the science made by my predecessor," and addresses himself in particular to the most difficult question, "What is it that will regulate the exchange between things both produced by the joint operation of labour and capital."[2] Butt proceeds to point out at some length that "by the assistance, the powers of labour are multiplied, in different degrees, in a descending scale, descending as capital multiplies." "The least efficient assistance which the powers of capital actually render to labour is at once the check and the measure of the fall which the competition of capitalists has caused." "The relative value of labour and capital will be determined by that part in the scale at which all the capital in the country can be employed."[3] And after giving numerous examples, Butt claims that what is shown by this method of reasoning is "the relation between the product of the powers of capital and the product of unassisted labour; and this, of course, gives us the proportion in which the joint product is divided between the capitalist and the labourer."[4]

In very much the same way as Professor Clark, Butt contends that "by a parity of reasoning we can calculate the relation between the product, whether of human labour, or of the powers of capital, and the product of a natural agent." For he has already shown how the value of labour can be expressed in that of the powers of capital, or the value of the powers of capital in those of labour. It remains to show "how the value of a natural

[1] The full title of this pamphlet is *Rent, Profits and Labour. A Lecture delivered before the University of Dublin in Michaelmas Term*, 1837. By Isaac Butt, LL.B., Dublin, 1838. Butt also published a larger *Introductory Lecture delivered before the University of Dublin in Hilary Term*, 1837. By Isaac Butt LL.B., M.R.I.A., Archbishop Whately Professor of Political Economy, Dublin, 1837. In this Introductory Lecture, Butt follows Say in defining production as the "creation of utility," rather than the "creation of value" (p. 6), and is especially severe on those economists who wish to limit the term wealth to material objects. Immaterial, like material objects, are equally forms of wealth. The copyright of a book, the pleasures derived from a painting, the command of a pleasant prospect which enhances the rent of a house—all these are immaterial products which constitute wealth (p. 36). (*Cf.* 57—59.) Butt also objects to identifying capital with instruments of production (p. 55). Both here and in other passages he makes long quotations from his unpublished lectures in the same course.

[2] *Rent, Profits, and Labour*, p. 21. [3] *Ibid.*, pp. 23—25. [4] *Ibid.*, p. 26.

agent can be expressed in the terms of either."[1] This he does through the use of the theory of marginal production as contained in the doctrine of rent.

The general principles of exchange are summarised by Butt in the following statement:

"The product of any given quantity of labour will exchange for the product of so much of the powers of capital as render to production an assistance equivalent to that labour, at the lowest rate of assistance to which capital is forced by its abundance to have recourse."

"It will exchange for as much of the produce of the soil as could be raised by that labour, or the equivalent powers of capital, at the least productive expenditure to which the demand for produce has compelled the community to resort."[2]

Butt informs us that in the following lecture he proposes to apply these principles to the condition of the labouring class, and to make other practical applications of the doctrine. So far as we know, however, these lectures, which would assuredly be most interesting, have not been published.

The theory of marginal productivity as applied to capital and labour, Butt tells us, "seems obvious and simple enough, but until the appearance of Dr. Longfield's lectures it was not thought of. With the exception of the discovery of the theory of rent—and, perhaps, even the propriety of this exception is questionable—no such important service has been rendered to the science since the days of Adam Smith."[3] When we reflect that the whole current of modern theory is setting in the direction indicated by Longfield and Butt, these encomiums do not appear to be altogether unmerited.

IX

We stated at the outset of these essays that the history of economics is yet to be written. The slight study that has been made of a period of less than two decades in the history of economic thought in a single country will, we trust, be found to be sufficiently rich in results to lead to a fuller investigation of the same period, as well as of other periods, both anterior and subsequent. British economics during the twenties and the thirties of the nineteenth century, far from presenting the dull level of uniformity and agreement which is usually associated with the name "classical school," abounds in writers, many of

[1] *Ibid.*, p. 27. [2] *Ibid.*, p. 32. [3] *Ibid.*, p. 23.

them of considerable ability, who did not scruple to attack the premisses as well as many of the conclusions of the dominant sect, and who struck out for themselves new paths which have had to be rediscovered by modern thinkers. There are but few recent developments in economic doctrine of which we cannot find the forerunners in this early period. The historical and the ethical conceptions of economics; the emphasis laid on distribution, as well as on production; the opposition to the labour theory of exchange; the accentuation of time as an element in value; the roundabout production theory of capital and the "agio" theory of interest; the broadening of the rent concept and the recognition of the weakness in the statement that rent does not enter into price; the distinction between the capitalist and the *entrepreneur* and the surplus theory of pure profits or business gains; and above all, the theory of marginal utility as the basis of value, and the marginal productivity theories of wages and interest—these are but a few of the doctrines which we have seen advanced and elaborated by the authors of the period. With such a trio as Lloyd, Read, and Longfield—not to mention the others—the so-called "minor" writers of England assume an importance which in some respects transcends that assigned to the "major" writers.

But, it will be asked, how does it happen that all these authors have been so largely overlooked and neglected? For very much the same reason, we answer, that Cournot was passed over in France and Gossen in Germany. Their views were not in accord with those of the dominant school. The practical issues of the time were so momentous that the economic science which taught a doctrine in harmony with these practical demands was accepted as infallible. The economists in England, indeed, were not responsible for free trade and industrial development. Those would have come almost as quickly had economics never existed; for practical policies are the result for the most part of actual interests and not of abstract considerations. But when the demands of the dominant social and political interests were reinforced by the teachings of the scientists, economics leaped with a bound into the position not only of a popular, but almost of a sacrosanct, science. The edifice erected by Ricardo, and elaborated by McCulloch and Mill, became so solid and so stable that it could not be shaken by any current or gust of criticism or opposition. No one would listen to, very few would even read, publications which refrained from entering upon the field of practical discussion, and were content to abide in the realm of theory. A theory that seemed to lead nowhere was not the kind of theory to which the practical age could be expected to lend a ready ear. Discouraged by their reception, most of these writers turned to other lines of activity, and before long their very existence was forgotten. The reputation of the great names was such that any deviation from accepted doctrines was branded as unorthodox. It was reserved for a later age to see the change in economic conditions, which, first abroad and then in England, shattered the old idol of economic orthodoxy, and prepared the way for the newer thinkers who ventured to attack some of the practical conclusions, and not a few of the theoretical positions of the dominant school. From these newer thinkers we must indeed not withhold our tribute of appreciation for their solidity and their originality; but we must likewise not begrudge a generous recognition to the predecessors, whose lot was cast in less fortunate times. When such recognition is accorded, it will be seen that Great Britain is the real mother, not only of classical political economy, but also of that series of newer ideas which is at the present time slowly transforming the face of economic science.

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