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Ricardo and Torrens

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NOTES AND MEMORANDA

RICARDO AND TORRENS.

IN his recent monograph entitled *David Ricardo*, Professor J. H. Hollander takes exception to my ascription of the law of comparative cost in international exchange to Torrens.¹ As this is a matter of some little importance in the history of economic theory—an importance in no wise diminished by the fact that until recently no economist had recognised the applicability of the doctrine to domestic as well as to international exchange—I may perhaps be pardoned for reviewing the objections of Professor Hollander.

I.

The undisputed facts are as follows :—

1. Torrens published in 1808 *The Economists Refuted*, in which he discussed the basic principle of international trade.

2. Torrens wrote in 1814, and published early in 1815 his *Essay on the Corn Trade*, in which he repeated and elaborated his doctrine of international trade.

3. The same doctrine was published by Ricardo in his *Principles* in 1817.

4. The identical example, namely, the corn trade between Poland and England, which was utilised by Torrens (*Essays on the Corn Trade*, p. 38), was employed by Ricardo (*Principles*, McCulloch's edition, pp. 82-3, 76).

5. Neither Torrens nor Ricardo uses the term "comparative cost." This term was introduced by Mill in his *Unsettled Questions* in 1844. Long before this time, however, namely in 1826, when Torrens published the third edition of his essay and repeated his doctrine, he based it specifically on the "comparative advantages or disadvantages of production." The

¹ Cf. THE ECONOMIC JOURNAL, Vol. XIII. "On some neglected British Economists."

important passage is this: "In the earlier edition of the *Essay on the Corn Trade* it was shown, the author believes for the first time, that . . . commodities, the cost of producing which is greater in foreign countries than at home, may, nevertheless, be imported, provided the comparative disadvantage of the foreign capitalist in producing any imported article be less than the comparative advantage of the domestic capitalist in producing the articles imported in exchange."¹

This passage is simply a paraphrase of the one in the earlier edition. While Ricardo, therefore, never used the term "comparative cost," Torrens first used the term "comparative advantage and disadvantage of production."

II.

In *The Economists Refuted*, Torrens based his theory on what he calls the territorial division of labour. Professor Hollander intimates that by this Torrens meant something entirely different from the doctrine of comparative cost. While it is undoubtedly true that the two theories are not wholly coterminous, the real question is whether they were not considered to be virtually identical by Torrens, by Ricardo, and by the subsequent commentators.

1. In the original passage of Torrens the idea of comparative advantage is closely associated with the principle of territorial division of labour. "The only way, therefore, of ascertaining the amount of the benefit derived from commerce, is to ascertain the degree in which the foreign divisions of labour augment the productiveness of human industry. Thus, if I wish to know the extent of the advantage which arises to England from her giving France a hundred pounds worth of broadcloth in exchange for a hundred pounds worth of lace, I take the quantity of lace which England has acquired by this transaction and compare it with the quantity which she might, at the same expense of labour and capital, have acquired by manufacturing it at home. The lace that remains, beyond what the labour and capital employed on the cloth might have fabricated at home, is the amount of the advantage which England derives from the exchange." (*The Economists Refuted*, p. 53). And again: "when England works a thousand pounds worth of tin beyond what is necessary for her own consumption, and gives it in exchange for wine, she obtains

¹ This passage is quoted in full in the article in *THE ECONOMIC JOURNAL* Vol. XIII., p. 345.

a greater quantity of wine by one hundred per cent. than if she employed the labour and capital which procured the tin to cultivate the grape at home." (*Ibid.*, p. 54.)

2. In the subsequent work, published in 1815, Torrens brings his doctrine of comparative advantages or comparative cost into close connection with this statement of 1808. Just as his essay of 1808 proceeded from a consideration of the Physiocratic doctrine, so now in 1815 he starts out from the same Physiocratic doctrine and, in controverting the theory as to the sole productivity of agriculture, says: "If, in consequence of our skill in manufactures, any given portion of our labour and capital can, by working up cloth, obtain from Poland a thousand quarters of wheat, while it can raise, from their own soil, only nine hundred; then, even on the agricultural theory, we must increase our wealth by being, to this extent, a manufacturing rather than an agricultural people, &c., &c. We have an hundred quarters of corn more than we could have obtained by raising it from our own soil."¹

In 1826 Torrens, in laying down in terms the doctrine of comparative advantages, still believed that he was only repeating his doctrine of 1808 and 1815. "Under these circumstances I published *The Economists Refuted*, and explained, I believe for the first time, the nature and extent of the advantages derived from trade; the principles which I propounded in *The Economists Refuted* Mr. Ricardo subsequently adopted in his great work on Political Economy and Taxation; and as my previous publication had been long out of print and forgotten, it was generally believed that it was reserved for Ricardo to correct the erroneous theory of Adam Smith, and to show that the benefit resulting from foreign trade consists of the increased production created by international divisions of employment." (Preface to the second edition of *The Principles and Practical Operations of Sir Robert Peel's Act of 1844*. London, 1857.)

3. This was also the understanding of Ricardo in 1817. He says: "Under a system of perfectly free commerce each country naturally devotes its capital and labour to such employments as are most beneficial to each. This pursuit of individual advantage is admirably connected with the universal good of the whole. By stimulating industry, by rewarding ingenuity and by using most efficaciously the peculiar powers bestowed by nature, it distributes labour most effectively and most economically. . . . It is this principle which determines that wine shall be made in

¹ *Essay on the Corn Trade*, pp. 221-222.

France and Portugal, that corn shall be grown in America and Poland, and that hardware and other goods shall be manufactured in England." (*Principles*, pp. 75-76.)

4. The same understanding was shared by John Stuart Mill, who in the sixth edition of his *Principles*, in 1862, stated: "I at one time believed Mr. Ricardo to have been the sole author of the doctrine now universally received by political economists on the nature and measure of the benefit which a country derives from foreign trade. But Col. Torrens, by the republication of one of his early writings, *The Economists Refuted*, has established at least a joint claim with Mr. Ricardo to the origination of the doctrine, and an exclusive one to its earliest publication." (Mill, *Principles of Political Economy*, Book 3, ch. xvii, par. 2.) In other words, Mill, having before him both the chapter of Ricardo and the early passage of Torrens, identified, as did Ricardo and Torrens, the doctrine of territorial division with that of comparative cost.

III.

In the face of these clear statements, what arguments are brought forward by Professor Hollander?

1. Professor Hollander alludes to the passages by Torrens in 1815 as giving only "a theory in outline," intimating that the doctrine was not fully expounded by Torrens. In reality, however, the treatment by Torrens is almost as full as that by Ricardo.

2. Professor Hollander states: "As a matter of fact, it is not unlikely that the doctrinal indebtedness, if any, lay from the first from Torrens to Ricardo." (*David Ricardo*, pp. 92, 93.) The only argument advanced for this hypothesis is "that it is reasonable to suppose that the two were in frequent association before the appearance of Torrens's *Corn Trade*." But this assumption does not constitute even the shadow of proof. Although Professor Hollander concedes that Torrens does not refer to Ricardo, he thinks that "the prefatory acknowledgment of aid 'from private friendship' may possess some significance." Unfortunately, when we come to examine the passage in question it turns out that the private friend to whom Torrens refers is mentioned by name in the next sentence as Dr. Crombie. (*An Essay on the External Corn Trade*, 1815, p. xii.) The "significance of the passage seems to be the reverse of that intimated by Professor Hollander. Moreover, in view of the fact that Torrens acknowledges his indebtedness to a large number of different writers in detail, like Adam Smith, Malthus, the

Earl of Lauderdale, Sir Henry Parnell, and Dr. Crombie, and that in later works he is equally frank in acknowledging indebtedness on other points to Ricardo, whom he much admired, is there any good reason for the suspicion that Torrens should here have suppressed all mention of indebtedness to Ricardo?

3. Professor Hollander seeks to support his argument by calling attention to the fact that subsequently to 1816 Ricardo speaks in two letters of the influence that he exerted on Torrens, with reference to the latter's views on profits, rent, money, and exchange. None of these matters, however, has anything to do with the point at issue. In a further letter of Ricardo, of August 23rd, quoted by Professor Hollander on page 94 of his monograph, referring to the disappointment of Torrens at not being mentioned in Ricardo's *Principles*, Ricardo states: "In the correspondence which ensued I endeavoured to show that on those points . . . for which he claimed the merit of originality, they were all to be found in Adam Smith or Malthus, and therefore neither of us could be called discoverers." If, as Professor Hollander assumes, this refers to the point at issue, it is important to observe that this was not the opinion of John Stuart Mill; for, in the note mentioned above, Mill stated specifically that the doctrine with reference to international trade was not found in Adam Smith or Malthus, and that it was discovered by Torrens and Ricardo, and was first published by Torrens. It is evident, therefore, that if in this statement Ricardo intended to refer to international trade, he was mistaken. The presumption hence is that he did not so intend.

Furthermore, Professor Hollander advances as a strong argument that had Ricardo really been conscious of any indebtedness to Torrens, he "would in all reasonable certainty have made acknowledgment in the footnote tributes which he inserted in the second edition." But is this "reasonable certainty" not entirely too tenuous and vague a hypothesis upon which to hang an argument?

IV.

Professor Hollander adduces as the strongest argument the fact that Torrens made the claim only three years after Ricardo's death, "and then only to be refuted" by McCulloch and John Stuart Mill. With all due deference to Professor Hollander, it must be said that it is hard to find any such refutation. In the passage of *The Westminster Review* to which Professor Hollander alludes, the only sentence of importance used by

McCulloch is where he refers to three discoveries in economics, and speaks of them as "the principle of population, the principle of rent, and Mr. Ricardo's theory of foreign commerce." There is not a word about Torrens. Moreover, in view of the fact that Torrens's earlier essay had been forgotten, and that his second essay had evidently escaped the observation of McCulloch, this passage does not prove anything, especially as, according to Professor Hollander himself (p. 76), "McCulloch's memory was very untrustworthy."

The "refutation" by Mill is equally difficult to find. Mill, in the *Unsettled Questions*, in 1844, simply says: "It was Ricardo who has, in the chapter on foreign trade, of his immortal *Principles*, substituted for the former theory and unscientific . . . conceptions a philosophical exposition, &c., &c." Here again Mill does not refer to Torrens because he was evidently unacquainted with Torrens, or had forgotten about him. But after Mill's attention was called to the matter in 1862, in some way that is unknown to us, he at once withdrew this assertion and stated specifically, as we have seen, that injustice had been done to Torrens. Mill refers to a statement of 1844, in which he speaks of Ricardo as "the thinker who has done most toward clearing up this subject" of the relation of the doctrine of comparative cost to international trade, and then at once continues, in the significant note of which Professor Hollander quotes only one-half, to state that Torrens "has established at least a joint claim with Mr. Ricardo to the origination of the doctrine, and an exclusive one to its earliest publication." This doctrine, be it remembered, is specifically stated by Mill to be the doctrine of comparative cost, as clearing up the theory of international trade. Hence, when Professor Hollander seeks (*David Ricardo*, p. 96 note) to make it appear that a sharp line of distinction is to be drawn between the principle of the territorial division of labour and the principle of comparative cost it is clear that no such distinction was in Mill's mind.

Summing up the entire case, the points may be put as follows:—

In 1808 Torrens advanced a certain theory of foreign trade. In 1815 he restated the general theory, putting a little more explicitly what was implicit in the first statement. Two years later Ricardo published a similar statement, although he did not, like Torrens, use the term "comparative." A decade later, Torrens stated these facts and claimed priority; a generation

later, John Stuart Mill—who gave the theory its name—conceded the priority of Torrens. As opposed to all this, the only strong argument adduced by Professor Hollander is Ricardo's statement that certain alleged discoveries of Torrens were really to be found in Adam Smith. Now either the theory of comparative cost is included in these alleged discoveries, or it is not included. If it is included, then Ricardo, by his own showing, is not, as Professor Hollander believes, the originator of the doctrine of comparative cost. If it is not included, then there is nothing to discredit the claim of Torrens; and that it is not so included is clearly the understanding of Mill. In either case the claim that Ricardo originated the doctrine is barred out.

In view of all this evidence, what is to be said as to Professor Hollander's statement (p. 96) that "it is difficult to believe that there had been unrecorded 'adoption' of Torrens's view"? With the best of effort to agree with Professor Hollander, for whose scholarship in general I have the highest admiration, I must submit that it is not at all "difficult to believe" this. On the contrary, it appears to me more than ever probable that Torrens first developed the doctrine, or at all events, first gave it a public expression. This does not in the least reflect upon Ricardo, who was not called upon to record his indebtedness to every preceding writer. Ricardo was, indeed, a great thinker, but there is always a danger of the biographer of a great thinker falling into hero-worship. While Ricardo no doubt exerted a considerable influence over Torrens, we know that in several other points Torrens exerted a similar influence on Ricardo and succeeded in changing his opinions, as notably on the question of wages. With all due deference to Professor Hollander, I therefore venture to affirm that he has not made out his case, and that the dictum which, according to him, "has been, surprisingly enough, incorporated in the Appendix to Palgrave's Dictionary," is in all probability entirely correct.

A minor point raised by Professor Hollander (p. 77 note) is his inability to concur in my suggestion that priority as to either the inception or the publication of the theory of rent is to be ascribed to Rooke and Torrens. Yet Professor Hollander's inability to concede this rests only upon the statement of Malthus that he had collected some notes on rent "in the course of my professional duties at East India College," and that West states that this principle had "occurred to me several years ago." Professor Hollander, however, forgets to tell us that Rooke

subsequently stated that the events of 1811 and 1812—which occurred “several years” before his pamphlet appeared—had likewise led him to consider the problem. There is, therefore, not much to choose between these various statements. As regards the matter of publication, the essay of Torrens which, as we know, was written in 1814, was in all probability published before those of West and Malthus in 1815. If we desire to settle satisfactorily the question of priority in publication—a point of very little consequence—the facts could no doubt be ascertained by inquiry at the Stationer’s Office in London. On the face of it, however, it seems probable that the essays, both of Rooke and Torrens, appeared before those of Malthus and West, and there is certainly nothing to disprove the claim of both Rooke and Torrens, that they first put this doctrine into print. As to the precise time when the doctrine shaped itself in the mind of any of the five contestants—Rooke, Torrens, West, Malthus, and Ricardo—there is no scintilla of evidence bearing on the point of priority. Who first formulated the idea, we do not know; who in all probability first published the formulation, we think we know; who claimed priority, we are sure we know. And that claim has not been disproved.

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STUDENTS of economic *Dogmengeschichte* will be grateful to Professor Seligman for the fuller advocacy of his claim, that Colonel Torrens “discovered the law of comparative cost.” With every disposition to agree with one whose erudition I admire and whose friendship I have long been permitted to enjoy, I can find in Professor Seligman’s supplementary memoranda only further evidence of the error into which he, as a champion of “neglected” economic literature, has fallen by confining attention to the formal word and omitting the larger considerations of historical method.

Professor Seligman’s contention, in its original form, rested upon the presence in Torrens’s *Essay on the Corn Trade* (1815) of the theory of comparative cost, and upon Torrens’s assertion in the preface to the third edition (1826) of the same work that Ricardo had “adopted” this doctrine into his own *Principles of Political Economy* (1817). But in the present article Professor Seligman seeks to strengthen his claim by urging that seven years earlier, in the *Economists Refuted* (1808), Torrens had dis-

cussed "the basic principle of international trade," and that in the *Corn Trade* (1815) he "repeated and elaborated his doctrine of international trade." Professor Seligman's revised position accordingly resolves itself into the contention that the theory of foreign trade based on the territorial division of labour, as set forth by Torrens in 1808, is "virtually identical" with the theory of foreign trade based on the law of comparative cost, as referred to by Torrens in 1815 and as fully enunciated by Ricardo in 1817.

As phrased by Professor Seligman, this "real question" is made to turn upon whether the two theories were considered virtually identical "by Torrens, by Ricardo, or by the subsequent commentators." But I am unable to understand why the matter in issue should be one of personal comprehension rather than of positive fact. If the law of comparative cost usually credited to Ricardo is to be ascribed to Torrens on the strength of the theory of the territorial division of labour as set forth in the *Economists Refuted*—it must be because there is virtual identity between the two theories, as positive doctrines, and not merely because they were so regarded—even if such were the case.

I.

A theory of international trade, based on the principle of territorial division of labour, assumes that two countries engage in commerce with advantage because location, soil, natural resources, industrial skill make each of the two exclusively or peculiarly adapted to the production of a particular commodity, and that therefore the aggregate wealth production of the two will be greatest if each country devote itself, respectively, to the favoured occupation. Portugal is fitted by soil and climate to the production of wine; Great Britain—while unable to produce wine under any conditions, or competent to produce it only at greater absolute cost than Portugal—is fitted by skill and industrial tradition to the manufacture of hardware. In these circumstances, both countries will profit if all wine consumed by the two be made in Portugal, and all hardware required be produced in Great Britain, and trade may be expected to take place between the two countries along these lines. A difference in absolute cost is the essential condition as well as the sufficient cause of such exchange. International commerce thus takes on all the simplicity of domestic trade, and the occasion for a distinct doctrine disappears.

A theory of international trade based on the principle of

comparative cost admits that two countries ordinarily engage in commerce, either because each possesses exclusive capacity for the production of a characteristic commodity, or because one of the two countries, although physically able to produce both commodities, can only produce one of the two at absolutely greater cost than can the other country. But going beyond this, it interprets the phenomena resulting from the relative immobility of labour and capital as to international movement, whereby the world's trade is largely in the nature of a commerce subsisting between countries, one of which is able to produce two commodities traded in at unequal advantage, but withal at absolutely lower cost than can the other country. For such cases, as well as for the related condition in which—with an identical advantage in favour of the one country with respect to the production of both commodities—the territorial division of labour theory, in itself, affords no motive for the actually resultant commerce. In short, a commerce may subsist between Portugal and Great Britain, not merely because Great Britain is physically unable to produce wine, or can only produce it by the use of Adam Smith's "glasses, hot beds, and hot walls" at thirty times the cost in Portugal; but because Great Britain, although able both to grow wine and manufacture hardware at less absolute cost than Portugal, can manufacture the hardware at 50 per cent., and can grow the wine at 25 per cent. less, than can Portugal respectively. It is this last circumstance, and the related fact that if the advantage in favour of Great Britain be 50 per cent. with respect alike to hardware and wine, there will be no economic motive to trade—that made it necessary to distinguish in theoretical analysis the facts of foreign from those of domestic trade, and to formulate a special theory of international exchange.

The differences between these clearly distinguishable theories are not merely of simple and complex subject-matter, nor of analogous and independent analysis, but extend even to doctrinal origin. The territorial division of labour theory was foreshadowed in the liberal reaction of the eighteenth century against the mercantilist assumption of the one-sided benefits of commerce. Barbon (*Discourse*, 78), North (*Discourses*, 12–13), Vanderlint (*Money*, 97), Harris (*Essay*, 23), Tucker (*Four Tracts*, 75–78), Hume (*Of the Jealousy of Trade*), Steuart (*Inquiry*, I., 273)—all contain traces of it. William Bell of Cambridge—discussing "the effect of populousness upon trade"—enunciates the principle with clearness (*Dissertation*, 32). In the *Wealth of Nations* the definitive refutation of the mercantilist

fallacy is more conspicuous than a positive theory of trade, but withal, the beginning of the Napoleonic contest found the doctrine widely diffused in England that international trade represents a mutually advantageous exchange between countries of commodities peculiarly fitted to their respective qualities. This theory was rudely assailed in William Spence's *Britain Independent of Commerce* (1807), written in the train of the Berlin Decree. Revamping the doctrine of the Physiocrats, Spence insisted that agriculture was the source of England's real strength, and that there was nothing to fear from Napoleon's blockade. The message was congenial to the feverish public mind, Cobbett gave it approval and vogue in the *Political Register*, and the pamphlet went to a fourth edition within a few months. To James Mill, as independently to Thomas Chalmers and Colonel Torrens, the arguments seemed false, and the conclusions dangerous enough to invite rejoinder, and within the year (1808) appeared Mill's *Commerce Defended*, Torrens's *Economists Refuted*, and Chalmers's *National Resources*. In each of the three—slightly and inadequately in Chalmers (pp. 141-144), clearly and succinctly in Mill (pp. 35-39), minutely and convincingly in Torrens, the principle of what Mill regarded as "extended," and Torrens termed "territorial," division of labour was invoked in proof of the productivity of commerce.

The comparative cost theory, on the other hand, came almost a decade later, and emanated, like the doctrine of rent, in the closing years of the Napoleonic contest from the free trade sympathies of the Ricardian group in the intense struggle of the English agriculturist to preserve his home market. The Parliamentary committees of 1813-14 had shown that despite extension of cultivation and improvement in method, England was engaged in unsuccessful competition with foreign grain, and higher corn duties were recommended. To prove the futility of such relief, economic analysis formulated the principle that the importation of foreign grain, far from betokening national decline in the form of absolute dearth or physical exhaustion of English soil, only evidenced the superior productivity of English industry. By virtue of great industrial development, England making more goods and making them cheaper, found it advantageous to send these to other countries in exchange for corn, rather than to raise her own food supply.

The theory of foreign trade enunciated in Torrens's *Economists Refuted* corresponds in every particular with the first of the doctrines described above, and that referred to in one particular

paragraph of Torrens's *Corn Trade* and fully set forth in Ricardo's *Principles*, with the second. On the score of analytical content, accepted usage and doctrinal origin, it seems to me, therefore, that warrant exists for continuing to distinguish the two theories, and to insist that, by virtue of the *Economists Refuted* alone, Torrens is not the author of the doctrine of comparative cost.

Even though the theory of comparative cost be not actually enunciated in the *Economists Refuted*, Professor Seligman, in the final summary of his argument, credits Torrens with "putting a little more explicitly [in the *Corn Trade* in 1815] what was implicit in the first statement" [in the *Economists Refuted* in 1808]. In proof of this assertion he cites Torrens's expressions as to the exchange of English broadcloth for French lace, and English tin for wine. But this embodies the very error against which Cairnes warned (*Leading Principles*, pt. iii., chap. i., § 3): "When it is said that international trade depends on a difference in the comparative, not in the absolute, cost of producing commodities, the costs compared, it must be carefully noted, are the costs in each country of the commodities which are the subjects of exchange, not the different costs of the same commodity in the exchanging countries." The "advantage" which figures in the citation from Torrens refers exclusively to "the different costs of the same commodity in the exchanging countries." Nowhere in the *Economists Refuted* is there any allusion to "the costs in each country of the commodities which are the subjects of exchange."

Similarly with respect to the passages which Professor Seligman cites from Torrens's *Corn Trade* and *Peel's Act*, and from Ricardo's *Principles*. The paragraphs referred to are explanations of international trade by the territorial division of labour, and if Torrens and Ricardo had written nothing beyond these, their claim to authorship of the theory of comparative cost would have been as indefensible as Torrens's in so far as dependent upon the *Economists Refuted*. But, as a matter of fact, the passage cited from Ricardo serves merely as an introduction to a full exposition of the theory of comparative cost, while Torrens's case to the extent that it possesses any merit rests, as will hereafter appear, upon a subsequent paragraph of the *Corn Trade*.

II.

We can now revert to Professor Seligman's original argument, based solely upon the passages in the first edition, and in the

preface to the third edition of Torrens's *Corn Trade*. The opinion that I here ventured to advance was that such statements were insufficient, in face of presumptive evidence and positive testimony to the contrary, to justify the grave charge of adoption, without acknowledgment, by Ricardo.

The theory of international trade set forth in Torrens's *Corn Trade* is, with a single exception, the principle of territorial division of labour as propounded in the *Economists Refuted*: Commerce is advantageous in that it enables a country to obtain a greater quantity of other goods in exchange than the same labour and capital could have produced at home. This is the central argument of Torrens's essay, and the essential basis for his advocacy of freedom in the "external corn trade." In the latter part of the *Corn Trade*, detached from the earlier statements of the theory, with neither antecedent nor consequent, and figuring only as an explanation of the possible importation of corn by a country before lands of superior quality have been brought under the plough—occurs the single paragraph upon which Torrens's claim rests. When Professor Seligman dissents from my characterisation of this passage as "the theory in outline," and declares that, in reality, however, "the treatment by Torrens is almost as full as that by Ricardo," I can only understand that he again identifies the territorial division of labour with the comparative cost theory.

Such as it is, however, the paragraph in Torrens's *Corn Trade* was printed before the chapter in Ricardo's *Principles*. It is possible to stop at this point and make final award of discovery upon bare physical priority. In this manner Adam Smith has been charged with exploiting Turgot, Malthus with appropriating from Wallace, West with borrowing from Anderson, Thornton with plagiarising from Longe, and innumerable other expositors with having been "anticipated" by earlier writers. But accepted historical method is chary of such automatic award, and insists upon interpreting doctrinal identities in the light of internal evidence and relevant circumstance.

Indeed, unless such larger considerations govern, the case might at the very outset be claimed for Ricardo, on the ground that in 1844 Torrens made virtual recantation of authorship. This is the import of phrase after phrase in Torrens's open letter (*The Budget*, 1844) in reply to Senior's drastic criticisms (*Edinburgh Review*, January, 1843): "The principles of international exchange which I had borrowed from Ricardo" (p. 332); "the Ricardo doctrine of international exchange" (p. 333); "his

[Ricardo's] profound and original chapter upon Foreign Trade" (p. 336); "The conclusions which I have endeavoured to establish in *The Budget* are deduced from the principle propounded by Ricardo" (p. 342); "In entering upon a conflict in defence of the discoveries of Ricardo" (p. 342); "Such is the Ricardo doctrine of international exchange" (p. 345); "the doctrine established by Ricardo" (p. 393); "the Ricardo theory of international exchange which, in those letters [addressed to the electors of Bolton in 1832] I had attempted to elucidate" (p. 372).

Similarly the "undisputed facts" which Professor Seligman sets forth at the outset of his paper illustrate the insecurity of inference from identity. The corn trade of Poland—exploited by economists as far back as the *Wealth of Nations* (bk. ii., ch. v.; bk. iii., ch. iii.)—was naturally enough a prime concern of the Parliamentary Committees of 1813–14, and page after page of the printed reports refers thereto (*Lords Second Report*, 1814, pp. 11, 34–5, 53–4, 62, 75). The fact that this "identical example" was employed by Torrens and Ricardo may indicate the common use of a documentary source, but it can hardly be deemed evidence of plagiarism. Again, five years before Torrens used the phrases "comparative advantage" and "comparative disadvantage" in the preface (not in the text) to the third edition (1826) of the *Corn Trade*, James Mill, in the *Elements of Political Economy* (1821)—avowedly a paraphrase of Ricardo's *Principles*—in the section on "Foreign Trade," spoke of "comparative facility," "compares the cost," "compared with the cost"—expressions which led easily enough to John Stuart Mill's "comparative cost" in the essay, "Of the Laws of Interchange between Nations," written in 1829–30. But even more than this, Professor Seligman states: "Neither Torrens nor Ricardo uses the term 'comparative cost.' This term was introduced by Mill in his *Unsettled Questions* in 1844." This overlooks the fact that Torrens did use the identical term "comparative cost"—although, unfortunately, to describe a different concept (*Corn Trade*, 1826, p. 41; see also "comparatively," *Ibid.*, p. 39—both terms inserted in this edition). So that if it be the word "comparative" to which significance attaches, James Mill rather than Torrens is to be accorded priority, and if it be "comparative cost"—then as late as 1826 Torrens had still to learn the meaning of the term.

III.

As against the presence of the single paragraph in the *Corn Trade* of 1815 we have the following evidence: (1) the *Economists Refuted* contains no intimation of the law of comparative cost; (2) the same is true of the *Corn Trade*, with the exception of a detached and collateral illustration; (3) James Mill's *Commerce Defended*, evoked by the identical circumstance that suggested Torrens's *Economists Refuted*, led to Ricardo's acquaintance with Mill; (4) from the tenor of later correspondence Ricardo and Torrens were probably in association before the appearance of Torrens's *Corn Trade*, and not unlikely as far back as the bullion controversy (Torrens's *Essay on Money*, appearing in 1812); (5) by February 23rd, 1816, Torrens had adopted "all my [Ricardo's] views respecting profits and rent," and had "unequivocally avowed" the error of the characteristic doctrine of the *Corn Trade* that higher wages cause higher prices in favour of Ricardo's doctrine to the contrary; (6) on May 28th, 1816, Ricardo could declare that Torrens was "quite a convert to all that you have called my peculiar opinions on profits, rent, &c., &c."; (7) in April, 1817, appeared Ricardo's *Principles*, with the theory of comparative cost set forth in classical detail; (8) Ricardo's *Principles* contained no reference to Torrens, although making generous acknowledgment to Turgot, Steuart, Adam Smith, Malthus, Lauderdale, Sismondi, West, Say, and Buchanan; (9) in August, 1817, Torrens wrote to Ricardo, claiming some merit as "the original discoverer of some of the principles which I endeavoured to establish"—which claim Ricardo explicitly disallowed because "none of his doctrines appeared to me strikingly new, and did not particularly come within the scope of the subject I was treating"; (10) as balm to Torrens's aggrieved sensibility, Ricardo inserted, in the second edition (1819) of his *Principles*, two complimentary allusions to Torrens, dealing with the natural price of labour and free trade in corn respectively; (11) in the preface to the second edition of the *Corn Trade*, Torrens apologised, in connection with the theory of profits, for having "made no allusion to the works of Mr. Ricardo," on the score that "direct quotations from his work, instead of giving perspicuity to the argument, might have distracted the reader by verbal contrariety," and added, "this general acknowledgment will be sufficient to convince the less curious reader, that in omitting to refer to Mr. Ricardo on each particular occasion in which his principles may have been embraced, it was

not the intention of the Author to commit an act of plagiarism under the disguise of a different language and mode of illustration"; (12) in 1821 appeared Torrens's *Production of Wealth*, with a chapter of some two hundred pages on "Mercantile Industry," again based exclusively on territorial division of labour, with no reference to the principle of comparative cost, whereas in the same year appeared Mill's *Elements*, setting forth the theory with model clearness; (13) not until 1826, three years after Ricardo's death, did Torrens, in the preface to the third edition of his *Corn Trade*, make the dual charge that Ricardo had "adopted" in his *Protection to Agriculture* the principle of countervailing duty, and in his *Principles* the doctrine of comparative cost; (14) in 1829-30 John Stuart Mill ascribed authorship of the theory of international trade to Ricardo in almost extravagant appreciation; (15) in 1844 Torrens admitted that he had "borrowed from Ricardo" the principles of international exchange; (16) in 1859 Torrens claimed credit for only "so much of the corrected theory" of the theory of foreign trade as was contained in the *Economists Refuted*.

The cautious student of doctrinal history will not, I believe, regard such cumulative testimony as lacking "even the shadow of proof," nor dismiss it as "entirely too tenuous and vague a hypothesis upon which to hang an argument." Bearing in mind that Torrens was quick to charge plagiarism—to wit his intimation that Malthus had borrowed the principle of population from Wallace, whereas Ricardo was generous to a degree in acknowledging indebtedness—I find it impossible to believe, in view of the foregoing, that there has been unrecorded "adoption" of Torrens's views.

IV.

Professor Seligman dissents from my citation of the direct testimony of McCulloch and Mill as to the authorship of the law of comparative cost. Some of his difficulty grows out of the fact that—quoting doubtless from memory—he credits me with using the term "refuted," whereas "repudiated" is actually employed. Beyond this, I am at a loss to know what other significance than a rejection of Torrens's claim can possibly be given to McCulloch's statement in 1818 (*Edinburgh Review*, June, 1818, p. 83) that "Mr. Ricardo's chapter on 'Foreign Trade' . . . is one of the most valuable and original parts of the work"; and to Mill's declaration in 1829-30 that "it was he who first, in the chapter on Foreign Trade, of his immortal *Principles of Political Economy*

and *Taxation*, substituted for the former vague and unscientific . . . ” More than any other contemporary observers, McCulloch and Mill were cognisant of the doctrinal beginnings of the classical economics, and their deliberate imputation of the law of comparative cost to Ricardo is not to be set aside lightly.

Indeed, Professor Seligman finds it possible to dismiss such testimony only by stating that “Torrens’s earlier essay had been forgotten, and his second essay had evidently escaped the observation of McCulloch,” and again, that “Mill does not refer to Torrens because he was evidently unacquainted with Torrens, or had forgotten about him.” But these are assumptions, some of which are incorrect and all of which lack confirmatory evidence. Torrens’s *Economists Refuted* was in McCulloch’s library, and although the actual date of its perusal is not demonstrable, there is no reason for supposing that McCulloch, the political writer of the *Scotsman*, and the economic reviewer of the *Edinburgh*, was unaware of the Spence-Torrens-Mill-Chalmers controversy. Professor Seligman refers to my own comment upon McCulloch’s unreliability. But here again he quotes from memory, for what I said (*Ricardo*, 76 n.) was not “McCulloch’s memory was very untrustworthy,” but “McCulloch’s memory was not always trustworthy.” The verbal error, however, is of less consequence than the mode of reasoning. In quite another connection, I had referred, to my own hurt, to McCulloch’s personal equation as a consideration to be entertained—not by any means to govern—in appraising his testimony as to the order in which a series of events had followed. Accepting this, apparently, as sufficient warrant for inverting the burden of proof, and assuming that because a witness does not always tell the truth he invariably lies, Professor Seligman dismisses McCulloch’s statement in entirety.

As to Mill, Professor Seligman is certainly in error. Far from being “unacquainted,” it was Torrens who evoked Mill’s earliest economic contributions to *The Traveller* (December, 1822), and the language of this interesting controversy—which it may be permissible to state that I am now editing for publication—indicates how cordial was the relation between the soldier-journalist and the young controversialist. Torrens was an original (April, 1821) member of the Political Economy Club, a friend and intimate of James Mill, and a conspicuous figure in the economic coterie of which the younger Mill was, even at that time, an active figure.

Nor is there anything but confirmation of this in the note to the 1862 edition of Mill’s *Principles*, to which I had called

attention and which Professor Seligman, having originally made no reference thereto, now interprets erroneously by failing to consider it in its proper setting. These are the facts: In 1857 Torrens published a second edition of his *Peel's Act of 1844*, and to it he appended a reprint of the *Economists Refuted*, explaining at length in the Preface [xiv.–xvi.] the reason for its reappearance. This was that in the tract he “explained, I believe, for the first time, the nature and extent of the advantages derived from trade” (Preface, xv.). Ricardo had subsequently adopted in his *Principles* “the principles which I propounded in *The Economists Refuted*”—with the result that Ricardo had been credited with showing that “the benefit resulting from foreign trade consists of the increased production created by international divisions of employment.” Torrens was thus induced to reprint his tract, a full half-century after its appearance, “to claim my right as the original propounder of so much of the corrected theory of the nature and extent of the advantages derived from foreign trade as may be comprised in the view which I ventured to present to the public forty-nine years ago.” (Preface, xvi.) There is obviously here not the slightest intimation of priority with respect to the theory of comparative cost, Torrens claiming, just as in 1843. (*Budget*, 373), authorship of the territorial division of labour principle.

The second edition of Torrens's *Peel's Act of 1844* differed from the first, not only in reprinting the *Economists Refuted*, but in containing a lengthy additional chapter (pp. 93–175) described as “critical examination of the chapter on the regulation of a convertible paper currency in J. S. Mill's *Principles of Political Economy*.” It was this circumstance, and not, as Professor Seligman suggests, “in some way that is unknown to us,” that brought the reprinted *Economists Refuted*, with Torrens's accompanying claim, to Mill's attention. The result was that the next edition (1862) of the *Principles* contained a footnote acknowledgment that Torrens had “established at least a joint claim with Mr. Ricardo to the origination of the doctrine, and an exclusive one to its earliest publication.”

Professor Seligman complains that I quote “only one-half” of this “significant note.” Such is certainly the fact, but the omission—made from the page-proof to prevent an expanded note from over-running—does not affect the argument. But Professor Seligman, although elsewhere quoting the note in full, in this connection likewise quotes only one-half of it, and in his case the part omitted is of material consequence. For the crucial point

of the note is the precise nature of "the doctrine" with the organisation of which Torrens is therein credited. The remaining part of the note settles this with precision: "the doctrine now universally received by political economists, on the nature and measure of the benefit which a country derives from foreign trade." This is an obvious paraphrase of the words used by Torrens, "the nature and extent of the advantages derived from trade," to describe the doctrinal content of the *Economists Refuted*. It is incomprehensible that Professor Seligman should declare, "This doctrine, be it remembered, is specifically stated by Mill to be the doctrine of comparative cost, as clearing up the theory of international trade." Professor Seligman has here passed by the obvious words of the note, and derived a meaning for "this doctrine" from the text proper, to which many years later it was appended. Mill's note thus resolves itself into a placating acknowledgment of Torrens's claim in its limited extent ("so much of the corrected doctrine"), that is, to authorship of the territorial division of labour theory.

V.

Professor Seligman's final paragraph on the relation of Rooke and Torrens to the theory of rent compels brief consideration. As far as Rooke is concerned, the case rests upon certain letters contributed to Evans and Ruffin's *Farmers' Journal*, in 1814, and summarised by Rooke in a supplementary pamphlet in 1825. Professor Seligman gives neither formal reference to, nor direct citation from, the *Farmers' Journal*, and has presumably relied upon Rooke's summary. If this be so, he has again quoted from memory, crediting Rooke in direct excerpts with statements significantly different from those actually made. Thus the sentence in Professor Seligman's original article is: "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." The quoted sentences in this passage are not, as might be supposed from Professor Seligman's language, excerpts from Rooke's summary of the contents of his letter, but are taken by Professor Seligman from a different paragraph, in which Rooke describes the doctrines of "other writers" and merely asserts "the publication of all these doctrines, by the writers above alluded to, was, so far as I am acquainted, subse-

quent to mine." What Rooke really presents as the summary of the fourth letter in the *Farmers' Journal* is: "The fourth essay, written in November, 1814, published February 20th, and (in continuation) March 20th following, contains the outline of the doctrine on rent, in which I have described '*rental as the overplus produce, after deducting the expenses of husbandry and a due return for the employment of capital.*' This proposition is, however, somewhat modified and more fully examined in my late work. In this essay it is also said that '*population and our limited supply of land, require that soils should be cultivated which are capable only of returning the expense of cultivation and the remuneration of capital.*' "

It thus appears that Rooke's own account of his "anticipation" discloses nothing more than an anæmic restatement of Adam Smith's doctrine of rent devoid of the differential principle—and this as an answer to the unmistakable challenge of his correspondent: "You request to be informed—when I first published an opinion that '*the average price of corn is regulated by the cost of producing it on the worst class of soils which the demand brings under tillage?*' " If, therefore, Rooke did give any early expression to the law of rent, he was certainly unconscious of its significance. It may be that scrutiny of the full text of the *Farmers' Journal* letters will relieve the situation, but upon the evidence presented Professor Seligman's claim that Rooke is to be credited with priority of actual publication, or even with independent discovery, of the theory of rent, is entirely without foundation.

I must likewise insist that Professor Seligman's reiterated claim as to Torrens's priority in publication is erroneous as to Malthus and unlikely as to West. Before Torrens published his *Corn Trade* he had read Malthus's *Grounds for an Opinion*, and had referred thereto both in preface (x.) and in text (p. 281 note; the volume contains 348 pages). But Malthus's *Grounds for an Opinion* appeared subsequent to the *Inquiry into the Nature and Progress of Rent* (*Grounds*, 34-5, 46; *Inquiry*, publisher's leaf at end). In fact, Torrens's *Corn Trade* is dated February 17th, 1815, whereas by February 6th, 1815, Malthus's *Inquiry* had been acquired and carefully read by Ricardo (*Letters to Malthus*, p. 58). As to West, Ricardo states (*Principles*, Preface) that West's *Essay* was published "nearly at the same moment" as Malthus's *Inquiry*, and the identical language, "nearly at the same moment," is employed by McCulloch (*Wealth of Nations*, ed., iv., 574). As against these I can find no basis for Professor Seligman's statement that Torrens's essay was "in all proba-

bility" published before West's and Malthus's tracts, for Torrens himself in 1826 merely claimed independence (not priority) of Malthus and Ricardo, and did not even refer to West (*Corn Trade*, 1826, ix.).

In the matter of the inception of the doctrine, Professor Seligman suggests that I had forgotten to mention that "Rooke subsequently stated that the events of 1811 and 1812 had led him to consider the problem." But upon referring to Rooke's text (*Claim*, pp. 3-4) it appears that this "problem" is not, as might be supposed from Professor Seligman's language, the theory of rent, but more generally "the nature of the economical structure upon which our very existence as a people seemed to rest"—of which the rent doctrine may or may not have been an early part. Similarly as to Torrens, we have only the assertion that the *Corn Trade* was written in 1814 and published early in the following year, before the author was acquainted with "the very able and original disquisitions" of Malthus and Ricardo. If this term include Malthus's Corn Law tracts, at least one, probably both, of which were published before the *Inquiry*, the assertion is obviously incorrect. In contrast with these uncertain references we have (1) the explicit statement of Malthus, not merely as reported by Professor Seligman that in the course of his duties at Haileybury College (which began in 1807) "he had collected some notes on rent," but that the *Inquiry* "contains the substance" of such notes; (2) West's declaration that "the chief object of this essay is the publication of a principle in political economy, which occurred to me some years ago"; and (3) McCulloch's categorical testimony that "it is well known to many of his [Ricardo's] friends that he was in possession of the principle [of rent], and was accustomed to communicate it in conversation, several years prior to the publication of the earliest of these [Malthus's and West's] works" (*Wealth of Nations*, ed., iv., 125).

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THE UNREST AMONG WORKPEOPLE.

PROBABLY the most direct cause of unrest among workpeople is the knowledge of the increasing luxuries being enjoyed by other social classes, evidences of which are obtained partly through the Press, partly by visiting—accidentally or by design—