

**A SHORT HISTORY OF
POLITICAL ECONOMY IN
ENGLAND, FROM ADAM
SMITH TO ARNOLD TOYNBEE**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9781760576400

A short history of political economy in England, from Adam Smith to Arnold Toynbee by L. L. Price

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

L. L. PRICE

**A SHORT HISTORY OF
POLITICAL ECONOMY IN
ENGLAND, FROM ADAM
SMITH TO ARNOLD TOYNBEE**

A SHORT HISTORY
OF
POLITICAL ECONOMY IN ENGLAND

FROM ADAM SMITH TO ARNOLD TOYNBEE

Langford
Oxford
Frederick
Price
BY
L. L. PRICE, M.A.

FELLOW OF ORIEL COLLEGE, OXFORD
SOMETIME EXAMINER IN THE UNIVERSITIES OF OXFORD
CAMBRIDGE AND VICTORIA

THIRD EDITION

METHUEN & CO.
36 ESSEX STREET, W.C.
LONDON

1900

HB103

A2P7

1900

W. H. WHITE AND CO. LIMITED
RIVERSIDE PRESS, EDINBURGH

PREFACE.

IN the following pages an attempt is made to give a short account of the History of Political Economy in England from Adam Smith to Arnold Toynbee. The history is not carried back beyond Adam Smith for a reason which is stated in the chapter upon that author, and it ends with Arnold Toynbee, because the work of writers who are still living is, it may be hoped, not yet fully completed. The death of one of the best known of those writers, Professor Thorold Rogers, whose work was so original and comprehensive in conception, and so industriously and exhaustively executed, that it is to be feared that even the labours of the greater part of a life-time have failed to complete it, occurred during the time when the history was being written.

The method which has been pursued by the writer has been, while endeavouring to mention every author of importance, to select for especial consideration in separate chapters those economists, whose writings have marked distinct and recognised stages in the development of economic knowledge ; and, while noticing the main incidents of their lives, the circumstances under which their opinions were formed and expressed, and the character of their economic work generally, to concentrate special attention on that part which is either most usually associated with their

names, or seems to be the most characteristic and important. The accounts of these special contributions to the advancement of economic inquiry are, as far as possible, given in the language of the authors themselves; and they are generally followed by some estimate of their relations to more recent economic thought.

In this critical estimate an attempt is made to express the general drift of subsequent opinion rather than the particular views of the writer of this history, which does not put forward any pretensions to originality. The author has freely used all the sources of information and instruction which he has been able to discover; and, although he has embraced every opportunity, which seemed naturally to present itself without burdening the notes, of acknowledging his special indebtedness to particular authorities on certain points, he is under a general obligation which can only be fittingly discharged in a preface. He is indebted to all who have in any way, by commentary on the great writers of the past, or independent development of their theories, helped to elucidate the history of a branch of knowledge of which England may perhaps claim to be the classic home, although she has often, and more especially of recent times, experienced the benefits of suggestion and criticism at the hands of foreign writers.

To Professor Symes, the editor of this series, the author desires to express his thanks for suggestions regarding the general plan of the book.

*Oriel College, Oxford,
8th December, 1890.*

CONTENTS.

CHAPTER I.

ADAM SMITH. (1723--1790.)

THE DIVISION OF LABOUR.

The Influence of the *Wealth of Nations*—Adam Smith's Life—The State of English Agriculture, and Manufactures, and Foreign Trade—Adam Smith's Passion for "Natural Liberty"—His Relation to the Physiocrats—His Moral Philosophy—His Idea of a "Scotchman inside every Man"—Qualifications of "Natural Liberty"—His Memory and Fertility of Illustration—Summary of the *Wealth of Nations*—Maxims of Taxation—Adam Smith's Treatment of the *Division of Labour*—Its various Forms—Its Advantages: (1) Increase of Skill—(2) Saving of Skill—Possible Disadvantages—(3) Introduction of Machinery—(4) Saving of Time—Its implied Conditions—The Mechanism of Exchange—The Origin and Use of Money—Its Functions as (1) a Medium of Exchange—(2) A Measure of Value—The True Nature of the Work performed by it—Adam Smith's Vindication of Free Trade resting on (1) Division of Labour between Nations—(2) The Nature of Money—The Mercantile System—Application to present controversies page 1

CHAPTER II.

THOMAS ROBERT MALTHUS. (1766—1834.)

THE PRINCIPLE OF POPULATION.

Malthus' Life—Origin of his *Essay*—Changes in the Second Edition—His general Economic Opinions—The Distress of the Times—The Poor Law—The Circumstances of English Agriculture—Argument of the *Essay*—The Increase of Food—And of Men—The Three Propositions—The Checks to Population, Positive and Preventive: Vice, Misery and Moral Restraint—The Character of Malthus' Work—Relation of the *Essay* to Present Facts—The Law of Diminishing Returns—Subsequent Changes—Malthus' own Position—Contrasted with that of Recent Writers—The Checks to Population—Malthus' Account of Moral Restraint—Bagehot's Criticism—Malthus' own Position—Elasticity of the Standard of Comfort—Physiological Considerations page 35

CHAPTER III.

DAVID RICARDO, (1772—1823.)

THE THEORY OF RENT.

The 'Industrial Revolution' of the Eighteenth Century—Ricardo's Assumption of Competition—His Influence on Economic Opinion—His Jewish Nationality, and his Training on the Stock Exchange—His Writings—Their Abstract Character—Their Misrepresentation by other Writers—Marx' Theory of Surplus Value—Ricardo's Theory of Rent—Origin of the Theory—Its Statement by Ricardo—Definition of Rent—Its Origin and Growth—Ricardo's want of Systematic Arrangement—Conclusions drawn by him from the Theory: (1) The Connection of Rent with Price—(2) Erroneous Opinions of other Writers—(3) The Order of Distribution of Wealth and the Progress of Society—Subsequent Criticism—The Historical Order of Cultivation—The Theory must be Interpreted Liberally—The Assumption of Competition—The 'No-rent' Land—The Unearned Increment—Difficulty of distinguishing it ... page 61

CONTENTS.

ix

CHAPTER IV.

JOHN STUART MILL. (1806—1873.)

THE THEORY OF VALUE.

Mill's Influence—His Education—The Occupation of his Later Life—His Fairness—The 'Crisis' in his 'Mental History'—Bentham's School of Thought—Mill's 'Awakening' from his 'Dream'—His Sympathetic Nature—His Apparent Inconsistencies—His Socialistic Tendencies—Transitional Character of his Work—Its Merits—The Theory of Value—Mill's Declaration—The Importance of the Theory—The History of its Development—Mill's Exposition contrasted with that now given—The Definition of *Price*—And *Market*—And *Normal Price*—(1) The Theory regarded from the Side of the *Sellers* or *Supply*—*Commercial* and *Industrial* Competition—*Expenses* and *Cost of Production*—*Non-competing Groups*—The Different Classes of Commodities—(2) The Theory regarded from the Side of the *Buyers* or *Demand*—*Final* or *Marginal Utility*—(3) Combination of both Sides—The Four Classes of Commodities: (1) Articles of Rarity—(2) Articles with Unvarying Expenses of Production—(3) Agricultural Produce, and (4) Manufactured Articles—Possibility of Two or more Normal Prices—Mill's Treatment of (1) *Market* Values—(2) *International* Values—(3) The Theory of Distribution page 87

CHAPTER V.

JOHN ELLIOTT CAIRNES. (1824—1875.)

THOMAS EDWARD CLIFFE LESLIE. (1827—1882.)

ECONOMIC METHOD.

Mill's Predominance—His Successors and Critics—Cairnes' Life—His Courageous Endurance of Physical Pain—The Character of his Writings—Their Defects—His *Slave Power*—His *Essays on the Gold Question*—His Deductive Method of Investigation.
Cliffe Leslie's Life—His Criticism of the Deductive Method—The Advantages of both Methods: (1) the Abstract and Deductive (2)