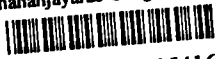


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ELEMENTARY ECONOMICS



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ELEMENTARY ECONOMICS

BY

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PREFACE

A newcomer amidst the present goodly company of general texts in economics may fairly be called upon for an introduction justifying its appearance. This book is the result of a good many years' experience in teaching economics to beginners in Yale University. That experience has shown us the merits and the defects of the many books on economic principles which are available for use as texts in college classes. It has convinced us of the desirability and likewise of the possibility of preparing a more useful text for the purpose of helping college students to a knowledge of the fundamental facts and principles of the economic world in which they live. That is the sole purpose of this book. Our contribution to economic theory, if anything at all, is slight. The book is not written for the edification of the mature student of economics. It is strictly a book for beginners and the teachers of beginners.

Adherence to this purpose has indicated certain rules for our guidance and imposed certain restrictions upon us. We have sought generally to avoid controversial subjects. As a rule the treatment has been confined to topics upon which the science of economics may fairly be said to have reached definite conclusions. Occasionally, when this rule could not be followed, we have stated, somewhat dogmatically perhaps, what we consider sound conclusions as to subjects upon which there may still be real difference of opinion among economists of authority. We do not believe that the beginning student profits greatly from that type of discussion which presents arguments on both sides of a controversial question and leaves him to draw his own conclusions. Such matters belong in the more advanced courses. There is plenty of material to occupy fully the elementary course in economics without going

into those fields upon which economic science has not reached at least fairly definite conclusions.

This limitation of the field makes easier the strictly scientific treatment to which we have sought to adhere. Our purpose is to present the facts and the principles of economics — to disclose the truth. With the ethical or moral problems which arise upon this economic foundation we are not concerned, except only as prevailing judgments upon such matters may themselves become factors in economic activity. Our purpose is to aid the student to discover how things are, not how they ought to be. We have no case to establish, and we offer no propaganda.

Addressed as it is to beginning students, this is essentially an elementary book. We have sought to spare the student the confusion that comes from taking for granted knowledge which he cannot fairly be assumed to possess, and the treatment is correspondingly elementary. We have sought, by giving care to such things as definition of technical terms, sequence of topics, and simplicity of style, to enable the beginning student to follow the discussion without undue difficulty. It is not to be denied that certain parts of the subject of economics are difficult. We have made no attempt to escape such difficulties, either by avoiding the difficult topic or glossing it over with a superficial discussion. Rather have we relied upon simple and elementary treatment to remove unnecessary causes of confusion, in the belief that so presented these topics will not prove beyond the capacity of the student.

The plan of the book has dictated the continuous combination of theoretical analysis with historical narrative and discussion of practical problems. It is our conviction that this is a sound pedagogical rule for an elementary treatise. Theory must be illustrated and justified by showing its relation to practical affairs; facts must be made significant and interesting by showing their conformity to general principles. "Theory" and "practice" should, we believe, go always hand in hand.

It is today quite generally recognized that the average college student does not possess that knowledge of the economic environ-

ment which is necessary as a foundation for the study of economic principles and problems. A section (Part I) devoted to the study of the modern economic organization and its development, stressing the coöperative nature of modern society and the importance of price as a motivating force, is therefore made an integral part of this book.

The problems which will be found at various points do not conform to any rigid rule. They have been introduced only at those points where it was felt that they would contribute substantial aid to the student in his effort to grasp the principles expounded in the preceding text or would give useful training in economic reasoning. These problems are obviously illustrative rather than comprehensive, and the teacher can readily modify or expand them or ask the student himself to construct similar ones.

At the end of each of the major subdivisions of the book will be found a classified list of books which are suggested for the student's further reading. These lists are, of course, not comprehensive, and they do not embrace works of a highly advanced or specialized or technical nature. They are intended merely to present for the choice of the student certain books which he will find interesting and profitable reading in connection with his first study of economics.

As compared with the majority of textbooks in economics, this book will appear quite long. It has been written with the idea of comprising the bulk at least of the reading to be assigned as the required work in a college course involving three exercises a week for a full year. We are of the belief that the present-day importance of economics justifies the devotion of that much time to the general elementary course.

These in brief are the more important principles which have guided us in harmony with our aim to give to those students who may not pursue the study of economics further a broad knowledge and understanding of the economic world of today and to others a firm foundation for their further study of economics and allied subjects. It is in such matters as are here noted that our contribution, if any, is to be found.

While we have had in mind exclusively the needs of college students, we are nevertheless bold enough to believe that the requirements thus imposed upon us will have made this book useful also to those more mature readers who, not having had the advantage of college instruction in economics or feeling that their present notions are perhaps vague and antiquated, may wish to read a simple elementary exposition of the fundamental facts and principles of economics.

We make grateful acknowledgment of the invaluable assistance which we have derived from our colleagues in the Economics Department of Yale University. Though the actual task of authorship has fallen to the three undersigned, this book represents the combined contributions, direct and indirect, of a large group of teachers who for many years have been closely associated in the task of teaching elementary economics to the students of Yale University. To all of these, past as well as present colleagues, we acknowledge our debt. In particular we are pleased to record our indebtedness to Professor Irving Fisher, whose *Elementary Principles of Economics* has long served as one of the principal textbooks in the elementary economics course in Yale College and whose influence upon the authors, his former students, has been far-reaching; likewise to Professor Clive Day, who has given valuable suggestions in the field of economic history, to Professor Winthrop M. Daniels for his assistance in the preparation of the chapters on railroads, to Professor Ray B. Westerfield for contribution of valuable material on the subject of risk and insurance, and to Professor Maurice Davie, who wrote the chapter on immigration and aided us by assembling the materials upon population.

Our obligation is by no means confined to our Yale colleagues. First of all we must acknowledge the influence upon our work exerted by Professor F. W. Taussig, through his *Principles of Economics*, which has long served as the principal text in the elementary course in Yale College. For extremely helpful criticisms and suggestions, particularly with reference to the treatment of price, we are indebted to Professors Herbert J. Davenport, Wesley

C. Mitchell, Harry G. Brown, and A. B. Fairchild. General acknowledgment is finally due the authors of the standard works on many subjects embraced within the broad field of general economics, upon whose writings we have leaned heavily and far beyond the possibility of specific acknowledgment.

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NEW HAVEN, CONNECTICUT
March, 1928

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