

**RICHARD JONES : AN EARLY ENGLISH
INSTITUTIONALIST**

**BY
NAI—TUAN CHAO, Ph. D.**

**SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY
IN THE
FACULTY OF POLITICAL SCIENCE
COLUMBIA UNIVERSITY**

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To
MY MOTHER

PREFACE

The following essay is an attempt to present the economic theories of Richard Jones, an English writer of the early Nineteenth Century. His institutional approach to economic problems attracted my attention for two reasons. In the first place, while I was working as a compiler in the National Bureau of Historical Research in Peking from 1920 to 1922 I was greatly impressed by the abundance of historical documents on Chinese economic history, but at the same time I was disappointed to find that the English Classical economics had nothing in common with Chinese economic conditions. Thus I became anxious to discover any English writer who emphasized the historical and institutional treatment of economics.

In the second place, after receiving instruction in economics from Professors Seligman, Seager, Mitchell and Simkhovitch at Columbia University I realized that the modern tendency of economic theory is to put great emphasis upon comparative study, historical treatment and the institutional approach. My study under these teachers led me to inquire whether these modern ideas could be traced back to any writer of the period when the Classical School dominated economic thought.

I owe a special debt to Professor E. R. A. Seligman, who first suggested the subject of this dissertation to me, and

without whose instruction the work could scarcely have been undertaken. For invaluable suggestions and supervision in the development of the study I am greatly indebted to Dr. E. M. Burns. Without her criticism and untiring guidance the work would not have been completed. I also wish to express my gratitude to Mr. R. W. Souter for his suggestions and my obligation to Miss Irma Rittenhouse for her aid in correcting the manuscript. I am particularly indebted to my friends Mr. and Mrs. S. S. Slaughter for their assistance in the course of the preparation of this study. Above all, my gratitude is extended to my wife for her warm sympathy and constant encouragement.

N. T. C.

New York, April 30, 1930.

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APPENDIX A

A detailed study of Jones' threefold classification will reveal his turn of mind as well as his economic doctrines. The following list illustrates his classificatory economics.

1. There were three errors of the Ricardian school.¹
 - A. There is assumed a constantly decreasing power in the agricultural occupation as nations multiply and become more civilized.
 - B. The laboring classes of the earth are maintained exclusively on funds saved from income.
 - C. The diminishing rate of profit observable as nations become numerous and rich indicates a decreasing power of accumulating fresh resources.
2. Jones mentioned three disadvantages of cottier rents.²
 - A. The want of any external check to assist in repressing the increase of the peasant population beyond the bounds of an easy subsistence.
 - B. The want of any protection to their interests from the influence of usage and prescription in determining the amounts of their payments.
 - C. The absence of the direct common interest between the owners and the occupiers of the soil.
3. There are three different modes in which farmers' rent may increase.³
 - A. An increase of the produce from the accumulation of larger quantities of capital in its cultivation.

¹ *Distribution of Wealth, Preface.*

² *Distribution of Wealth*, p. 139. Also *Literary Remains*, p. 209.

³ *Distribution of Wealth*, p. 178.

- B. The more efficient application of capital already employed.
 - C. The diminution of the share of the producing classes in that produce, and a corresponding increase of the share of the landlord.
4. Three fallacies in connection with a supposed indication of the decreasing efficiency of agriculturial labor.¹
- A. A fall in the rate of profits.
 - B. A rise in the relative value of raw produce, compared with other domestic commodities.
 - C. An increasing money value of raw produce, compared with the prices of other countries.
5. There are three facts showing the increase of rents in England has proceeded from the increase of agriculture produce.²
- A. There has been a spread of tillage, accompanied by a rise in the general rental of the country.
 - B. There has been a diminution of the proportion of the people employed in agriculture.
 - C. There has been a decrease in the landlord's proportion of the produce.
6. The labor fund may be divided into three comprehensive classes.³
- A. Revenues which are produced by the laborers who consume them, and never belong to any other persons.
 - B. Revenues belonging to classes distinct from the laborers, and expended by those classes in the direct maintenance of labor.

¹ *Distribution of Wealth*, p. 241.

² *Distribution of Wealth*, p. 264.

³ *A Syllabus of a Course of Lectures on the Wages of Labor to be Delivered at King's College, 1833.*

- C. Capital in its limited and proper sense of stock or accumulated wealth employed with a view to profit.
- 7. Laboring cultivators may be divided into three groups:¹
 - A. Hereditary Occupiers.
 - B. Proprietors.
 - C. Tenants.
- 8. Tenants may again be divided into three classes:²
 - A. Serfs.
 - B. Métayers.
 - C. Cottiers.
- 9. There are three errors concerning the accumulation of capital or rate of profit in the Ricardian school of economics:³
 - A. A mistaken notion that accumulation from profits must be slow where the rate of profits is low, and rapid where it is high.
 - B. A mistaken belief that profits are the only source of accumulation.
 - C. A mistaken belief that all the laborers of the earth subsist on the accumulations and savings from revenues, and never on the revenue itself.
- 10. There are three causes which determine the efficiency of labor:⁴
 - A. The continuity with which it is applied.
 - B. The skill by which it is directed.
 - C. The power by which it is aided.

¹ *Syllabus*, p. 46.

² *Syllabus*, p. 48.

³ *Syllabus*, p. 51.

⁴ *Literary Remains*, pp. 9, 347, 189, 402.

11. The laborers of the world may be divided into three great, but unequal, classes.¹
 - A. Unhired laborers, who till the ground they occupy as peasant cultivators, and live on self-produced wages.
 - B. Paid dependents, who are paid out of the revenue or income of their employers.
 - C. Hired laborers, who are paid out of the capital of their employers.

12. There are three conditions governing the increase of auxiliary capital:²
 - A. It must return its wear and tear with a profit.
 - B. It must appear in a new form.
 - C. It must make a better application of known forces.

13. There are three major problems in the discussion of population.³
 - A. The causes which affect the progress of population generally.
 - B. The causes which affect the progress of the labor population in particular, and among these the influence on population of fluctuations in the rate of wages.
 - C. The causes, which, under different circumstances, determine who shall ultimately pay the taxes laid on commodities consumed by the laboring classes.

¹ *Literary Remains*, p. 13.

² *Literary Remains*, p. 70.

³ *Literary Remains*, pp. 94, 471.

14. There are three conditions determining the peasant laborer's wages.¹
 - A. The size of his holding.
 - B. The fertility of the land.
 - C. The efficiency of his labor.

15. There are three causes which determining the accumulation of capital²
 - A. The source from which capital is accumulated.
 - B. The causes determining the inclination to accumulate.
 - C. The conditions favorable or unfavorable to accumulation.

16. There are three obstacles in the promotion of social standings:³
 - A. Distinction of blood and race.
 - B. Paucity of non-agricultural occupations.
 - C. Vicious legislation and regulations as to the privilege of carrying on these occupations.

17. To create new habits of consumption among a population put in possession of increasing means, three things must concur.⁴
 - A. The people must acquire a knowledge of, and a familiarity with, a new list of commodities suited to their tastes.
 - B. These commodities must be presented to them at such reasonable price as to be within the reach of the successive additions to their means.
 - C. There must be no insuperable physical or moral obstacles, such as distances, roads, fiscal or other regulations, which throw difficulties in the way of their attaining these new commodities.

¹ *Literary Remains*, pp. 124, 218.

² *Literary Remains*, pp. 53, 316, 390.

³ *Literary Remains*, p. 383.

⁴ *Literary Remains*, p. 480.

18. Jones suggested three propositions in connection with the commutation of tithes.¹
 - A. That commutation is desirable.
 - B. That the future payments, in lieu of tithes, shall be applied to the same purposes and paid to the same persons as the present tithe.
 - C. That the first step in the process shall be to transfer the liability for those future payments from the tenant to the landowner.

19. Jones mentioned three parties concerned with the commutation of tithes:²
 - A. The government, as representing the whole population and all the national interests.
 - B. The landowners.
 - C. The tithe owners.

20. Jones set forth three objects of the government in the commutation of tithes:³
 - A. The setting of the capital and industry of the country completely free to extract the greatest possible amount of produce in the best manner from the soil.
 - B. The removing at the same time, of any obstacles created by the actual mode of collecting their revenues.
 - C. The efficiency of religious instruction.

¹ *Remarks on the Government Bill for the Commutation of Tithes, 1836.*

² *Ibid.*

³ *Ibid.*

APPENDIX B

THE DIFFERENCES BETWEEN RICARDO AND JONES ON THE THEORY OF RENT.

JONES	RICARDO
1. Rent proceeds from the employment of an additional quantity of capital and labor with an equal proportional return.	1. Rent invariably proceeds from the employment of additional quantity of labor and capital with a proportionally less return.
2. Increase of produce and rise of rent.	2. Increase of produce and decrease of rent.
3. Agricultural improvement beneficial to landlords.	3. Agricultural improvement detrimental to landlords.
4. The rise of rents is the creation of wealth.	4. The rise of rents simply the transfer of wealth already in existence.
5. National produce increasing while rent rising.	5. National produce stationary while rent rising.
6. Inferior soils present a boundary to the rise of rent.	6. Inferior soils cause rise in rent.
7. To minimize the importance of the law of diminishing returns.	7. The law of diminishing returns is regarded as the foundation of the theory of rent.
8. The rise of rent is independent of the alteration in the relative fertility of the soils.	8. The rise of rent is due to the alteration in the relative fertility of the soils.
9. The cultivation of poor soil is the consequence of the increased efficiency of capital which is the cause of the rise of rent.	9. The cultivation of poor soil is the consequence of the law of diminishing returns (in the old soil) which is the cause of rise in rent.
10. Rent rises as the fertility of soils increases.	10. Rent rises as the fertility of soils decrease.

JONES

11. The interests of landlords not in opposition to that of other classes. Theory of social harmony.
12. The increase of rent from the total quantity of produce, that is, the mass of rent.
13. Emphasis upon the productive power of agriculture in the theory of rent.
14. Rent as a surplus profit from capital investment.
15. Using addition or multiplication to estimate the total quantity of rent, the mass.
16. Close relation between wages and rent in the peasant rent: one determines the other. But this relation ceases in the farmer rent.
17. Emphasis on human institution. The origin of farmer rent due to the rise of capitalist class. Pecuniary interpretation.

RICARDO

11. The interests of landlords always opposed to that of other classes. Theory of class struggle.
12. The increase of rent from the margin of different soils: the wider the margin the higher the rent.
13. Emphasis upon the share in distribution in the theory of rent.
14. Rent as a differential return from cultivation.
15. Using subtraction or division to calculate the rate of rent, the margin.
16. Close relation between rent and profit, one rises as the other falls. Their movement tends in opposite directions.
17. Emphasis on physical constituents of the soil. Physical interpretation.

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