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PREFACE TO THE THIRD EDITION.

ALTERATIONS in this edition are confined to half-a-dozen small corrections, none of them affecting the substance, which escaped being made when the second edition was prepared, and the addition at p. 408 of a table designed for the assistance of any critical reader who desires to pursue a quotation from Adam Smith in my own edition of the *Wealth of Nations* published in 1904 rather than in McCulloch's edition. In present circumstances it is hoped that such a reader will be content to accept this expedient instead of the more obvious but costly plan of altering the one hundred and sixty references in footnotes which occur on seventy-five pages.

If any time were suitable for bringing out a thoroughly revised version of the book it would not be the middle of 1917. But even if the practical difficulties caused by the war were removed, I think it would be undesirable to attempt such a revision. Twenty-four years is a long time in the life of a man, and I no longer feel any acute sense of identity with the rather youthful author who published in 1893. For me to add here, to omit there, and to alter somewhere else, all from the point of view of 1917, would most probably have the

unsatisfactory results which usually follow an attempt to improve work done by another man at a much earlier date.

I hope, however, that within the next few years I may be able to supplement the present work by the production of an independent book in which the period 1776-1848 may be put in its proper relation both with what preceded it and with what followed it.

LONDON SCHOOL OF ECONOMICS,
July 9, 1917.

PREFACE TO THE SECOND EDITION.

THE history of the theories dealt with in this book has not been much affected by the researches of the last ten years. The publication of the student's notes of Adam Smith's lectures and Dr. W. R. Scott's study of the philosophy of Francis Hutcheson, have indeed thrown much additional light upon the origin of the *Wealth of Nations*, but that subject lies outside the limits laid down, and can be conveniently treated by itself. The new information contradicts nothing in the present work, and confirms the conjecture of Chapter VI, § 1, as to the manner in which the Smithian scheme of Distribution was evolved.

Certain critics of the first edition complained of its tone, but I have great hope that what appeared to be ill-tempered blasphemy in 1893 will now be seen to be the calm statement of undoubted fact. No suggestion of actual misrepresentation or mistake in the history has reached me. Substantial changes therefore do not appear to be called for, and my experience in collating different editions of some of the greatest economic works does not incline me to regard extensive changes of an unimportant character with favour. Such changes generally add unnecessarily to the bulk of a book, almost always destroy its consistency, and invariably confuse and annoy the serious student. I have consequently resisted all temptations

to strengthen or modify arguments, and to add new quotations.

The only changes in the text are the correction of a few misprints and grammatical blunders, the conversion of 'Mr. Giffen' into 'Sir Robert Giffen,' and the modification of one or two references to time which might have been confusing to the readers of a book dated 1903. In the references in the footnotes several alterations have been made necessary by the reprinting of Ricardo's letters to the *Morning Chronicle*, and by Professor Marshall's revision of successive editions of the first volume of his *Principles*; it has also been made clear that the tripartite division of Say's *Traité* occurs first in his second edition.

But while thus confining the alterations within the narrowest possible limits, I have not thought myself precluded from adding at the end of the last chapter two entirely new sections, in which I have attempted to indicate the relation of the theories of to-day to those of the period under review, and to show that the old theories have been replaced by others stronger from a scientific point of view, and equally suitable for the practical needs of their own time.

PREFACE TO THE FIRST EDITION.

As no one any longer believes that political economy was invented by Adam Smith and perfected by John Stuart Mill, it has become necessary almost to apologise for taking the dates of the publication of the *Wealth of Nations* and Mill's *Principles of Political Economy* for the limits of a history of a portion of economic theory.

I have chosen to begin with 1776 because what may be called the framework of the theories of Production and Distribution which have been taught in English economic works for the last hundred years, appears to owe its origin entirely to that peculiar combination of indigenous economics with the system of Quesnay which is to be found in the *Wealth of Nations*. I have ended with 1848 because it is yet too early to treat in an historical spirit the twenty-five years which have elapsed since 1868, and the period of stagnation which followed the publication of Mill's work is not a profitable subject of study except in connexion with the outburst of new ideas which ended it.

I have been able to obtain surprisingly little assistance from previous writers. Sir Travers Twiss' *View of the Progress of Political Economy* is forty-six years old. Professor Ingram's *History of Political Economy*, and Mr. Price's *Short History of Political Economy in England from Adam Smith to Arnold Toynbee* are both excellent, but the present work is so much more detailed within its own limits that

opportunities for making use of them scarcely occurred. Much the same may be said of M. Block's *Progrès de la Science Économique* and some other histories. Of more service was the First Part of Dr. Eugen von Böhm-Bawerk's *Kapital und Kapitalzins*, perhaps the most brilliant work extant on the history of any part of economic theory. To the valuable fragment which Adolf Held left behind him, when, by the fatality which hung over the economists of the last generation, he was cut off in his prime, *Zwei Bücher zur sozialen Geschichte Englands*, I am indebted for first making me aware of that close connexion between the economics and the politics of the Ricardian period which provides the key to many riddles.

In the ordinary critical and constructive books on political economy there are frequent statements respecting the history of economic doctrines. But these statements are seldom of much value to the historian. They are often based on inaccurate quotations from memory, and the reader is scarcely ever given the references which would enable him to check them. So far as they relate to the early nineteenth century period they are especially unsatisfactory and untrustworthy. It has been constantly supposed that 'abstract theory' must be defended at almost any cost against the attacks of the 'historical school,' and the result has been the creation of a mythical Ricardo and Malthus, who never wrote anything which cannot be 'limited and explained' till it ceases to be in conflict either with recognised fact or accepted modern opinion. With such idealisation I have no sympathy, and I fear I shall disappoint any one who expects me to hold up a few chosen economists as exempt from human error, and to exhibit all their opponents as persons of feeble intellect, who entirely failed to understand them. It is no part of my

plan to recommend any particular method of economic inquiry, or to praise or decry any particular authors. My object is simply to show what the various theories concerning production and distribution were, and to explain how and why they grew up, and then either flourished or decayed.

To all my quotations I have given exact references. The pages of the *Wealth of Nations* referred to are those of M'Culloch's edition in one volume, which has been very frequently reprinted with the same paging. As there is no even tolerably good edition, I have thought it best to refer to that of which most copies are in existence. In a couple of cases where I have detected small inaccuracies in the text I have restored the true reading. Where any doubt arises as to the name or date of any other book referred to, it will be resolved by looking out the author's name in the index. In quotations I have often taken the liberty of omitting a word such as 'then' or 'therefore,' when it occurs near the beginning, and merely connects the proposition with unquoted matter which precedes it. With this exception they will always, I hope, be found to be identical with the original.

A
HISTORY OF THE THEORIES
OF
PRODUCTION AND DISTRIBUTION
IN ENGLISH POLITICAL ECONOMY

FROM 1776 TO 1848.

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