

**THE  
SIGNIFICANCE AND BASIC  
POSTULATES OF ECONOMIC  
THEORY**



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OF  
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*“ Straightway one of those numberless unfortunates who are cursed with the mania for talking about things they do not understand comes forward with the discovery—to the wonders of genius!—that pure economics is not applied economics, and concludes . . . that pure economics must be replaced by his gabble. Alas, good soul, mathematical economics helps at least to a rough understanding of the effects of the interdependence of economic phenomena, while your gabble shows absolutely nothing ! ”*

V. PARETO

The Mind and Society

(Translated by A. Livingston and A. Bongiorno)



## PREFACE

IT has usually seemed to me helpful in trying to appreciate a book which professes to be in some sense scientific, to be able to locate clearly how its conclusions stand *vis-à-vis* those of other writers on the subject, and to be able to perceive how its conclusions fit in, and how, if at all, they modify the impersonal "organon" of the science. Despite the paradoxical sound of the assertion, too much "originality"—or at any rate too much of the appearance of it—in many cases seems probably to be a dangerous fault in a scientific work; this must, nearly always, have emerged from the controversies and particular immediate problems of the science itself, and its arguments and message can only stand out more clearly if this setting and background is fully sketched in.

I have therefore made in this book extensive references to and quotations from other writers to whom I am either indebted or would have been indebted had I happened to read their works earlier. It seemed to me, further, more impressive and convincing, either in bringing support for my own conclusions or in the expositions of doctrines that seemed to me to be criticisable, to cite the actual words of authoritative writers. This procedure is certainly exposed to the possible danger of misquotation or misrepresentation. I very much hope that this has not occurred and I have done my best to avoid it. With regard to the quotation from works in a foreign language, in the text, where the quotation was particu-

## PREFACE

larly relevant to the understanding of the argument, I have undertaken a translation myself when an official translation has not been available. In the notes such passages are left in their original French or German.

This essay was virtually completed in the summer of 1937. Since then a number of important new works, particularly on the subject of economic fluctuations, have appeared of which it has not been possible to take full account here. I have, however, tried to indicate some of the more conspicuous points of agreement or disagreement. It is perhaps not too venturesome to claim that the present trend of Economics seems to be in the same direction as the point of view this book tries to establish.

I am grateful to the editors of the *Review of Economic Studies* and the *Zeitschrift für Nationalökonomie* for permission to make use of earlier formulations of parts of Chapters II., IV., and of the Appendix which appeared in their pages.

I began first to be interested in the problems discussed in this book while a pupil of Mrs. Robinson of Cambridge, and I should like, in conclusion, to acknowledge my general indebtedness to the incomparable training in and stimulus to economic thinking which I then received.

T. W. HUTCHISON

BONN AM RHEIN  
February 1938



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