

as expounded by Mill but disagreed with Mill's 'recantation' in respect of the wages fund theory. In addition, he took up Mill's concept of non-competing skills in labour markets and generalized it to both domestic and international trade, arguing that both reciprocal demand and costs of production are involved in the determination of value whenever there is less than perfect mobility of factors between alternative uses. This might have caused him to look with favour at Jevons' radical introduction of a subjective theory of value in *The Theory of Political Economy* (1871). But Cairnes was too steeped in the Ricardian tradition to tolerate Jevons' iconoclasm. His totally uncomprehending review (1892) of Jevons' book is one of the best examples in the history of economic thought of the difficulties of communication between a new and an old 'paradigm'. Cairnes has been called the last of the classical economists, and the title is well deserved.

Just as McCulloch excelled more in applied than in theoretical work, so Cairnes was at his best when tackling practical problems. In a number of papers on the effects of Australian gold discoveries on the level of prices published between 1858 and 1860, he sought to vindicate the old quantity theory of money. A major book on *The Slave Power* (1862) was intended to demonstrate that Adam Smith had been correct in condemning a slave economy as inherently inefficient. The book was something of a best-seller in Britain and had a decided influence on public opinion in favour of the Northern cause in the American civil war. An earlier work, *The Character and Logical Method of Political Economy* (1857), stands out as the first full-scale statement of the methodology of the English classical economists, building on the essays of Senior and John Stuart Mill, but going beyond them in the uncompromising insistence on the abstract-deductive method, grounded in a few industrial facts (such as diminishing returns) and the principles of human nature (such as the desire to maximize returns at least cost), and achieving universal truths independent of any particular political or social system.

Cairnes was born in County Louth, Ireland in 1823. He graduated from Trinity College, Dublin in 1848 and went on to do an MA in 1854. In 1856 he was appointed to the Whately Chair of Political Economy at Trinity College, Dublin. A year later he was admitted to the Irish bar but never in fact practised law. In 1859 he became professor of political economy and jurisprudence at Queen's College, Galway. He retained this post until 1870 although he lived in London from 1865 onwards. In 1866, he combined this post with a professorship at University College, London (here too there is a parallel with McCulloch) from which he resigned in 1872 because of ill-health. He died in 1875 at the relatively early age of 52.

Note

Several paragraphs in this Introduction were borrowed from my *Great Economists Before Keynes* (Wheatshaf Books, 1986).

[1]

A NEGLECTED ENGLISH ECONOMIST: GEORGE POULETT SCROPE.¹

SUMMARY

I. Biographical. II. Method: the place of "natural principles," 106; the importance of experience in generalising, 107; the significance of institutions and the rational control of them, 108. -- III. Impetus from practical problems: population, 110; the poor laws, 112; public work, 113; mutual assurance, 114. His outlook in harmony with his social philosophy; its relation to laissez-faire, 115. -- IV. Monetary and banking problems. Fluctuations in prices the main evil, 117; an advocate of paper currency and greater control over prices, 119; the need for a "tabular standard," 121. Theory of crises, 123. -- V. A critic of "orthodox" contemporaries, 126; modern analysis of demand and supply mechanism, 127; superior treatment of distribution, 129. -- Bibliographical appendix, 131.

I

THE classical period in English economics from Adam Smith to John Stuart Mill was rich in "epigoni" who have been neglected, deservedly or undeservedly, in the history of the science.² It was as a geologist that Scrope, who once could lead Lyell, was honored by obituaries in the most diverse journals and by a place in the Dictionary of National Biography.³ Yet the greater part

1. He discarded his other middle names -- Julius and Buncombe. Cf. G. P. Scrope, *History of the Manor and Ancient Barony of Castle Combe* (1852), p. 358.

2. Scrope is noticed in Palgrave almost exclusively on account of his advocacy of the "tabular standard." A quarter of a century ago when Professor Seligman rehabilitated a number of neglected British economists of the classical period ("On Some Neglected British Economists," *Economic Journal*, 1903) Scrope was not included, probably because he had at least found a place in Palgrave.

3. This, despite the statement that he was most widely known as an economist. Palgrave's Dictionary, iii, 369.

of his life was devoted to social and political questions, and his incessant writing on the problems of his day earned him the sobriquet "Pamphlet" Scrope.

Scrope's patronymic was Thomson. He was born, in 1797, the son of a merchant in the Russian trade, whose other son, Charles Poulett Thomson, became Lord Sydenham before his early death. After Harrow, Scrope went to Pembroke, Oxford, for two terms, and in 1816 migrated to St. John's, Cambridge, where he took a B.A. in 1821. The Cambridge geologists, Edmund Daniel Clarke and Adam Sedgwick, gave him his life interest in geology. He became in 1825 a secretary (jointly with Lyell) of the Geological Society, and thereafter published the results of his researches in Auvergne, apparently the occasion for his election to the Royal Society in 1826. The vigorous, original quality of his mind showed itself in his scientific work. As late as 1867 he was awarded the Wollaston medal from the Geological Society. When his own powers were depleted and his sight was failing, he showed the width of his sympathies with scientific advancement by helping young geologists to travel.

In 1821 he married Emma Phipps Scrope, the heiress of Castle Combe, Wiltshire, and took her name. When he was made a magistrate, he was impressed by the hardships of the agricultural laborer. Thenceforth his interest in economic and political affairs, tho it did not exclude his interest in geology, was unabated. It was Mill who said "a person is not likely to be a good political economist who is nothing else." And Macleod might have been reading a lesson from Scrope when, in his extravagant way, he referred to political economy as preëminently a practical science, and wrote of "that indispensable training in natural science without which, it is absolutely hopeless that any one whatever, however

great his natural abilities may be, can construct a work on scientific principles."⁴ When Scrope came to be absorbed in the social questions of his day he brought to bear upon them a trained intelligence, which, combined with his wide general knowledge, made everything he wrote stand out as the fruit of a tempered judgment and a liberal mind.

As a magistrate he was more than usually articulate, and aired his views on current problems in open letters to fellow magistrates and in pamphlets. The local bench, however, was not an adequate outlet for his interest, and he turned to Parliament. He contested Stroud, unsuccessfully in 1832, successfully in 1833, and continued to represent that constituency with vigor until 1868. If he was silent in the House, he was active in the press, before commissions, and in committee. The writer of the obituary in the Academy⁵ remarked that seventy pamphlets would be nearer the mark than the seventeen under his name in the British Museum. Professor Bonney⁶ mentions thirty-six "regular papers" contributed by Scrope, mostly on volcanic geology and petrology. If we include his articles in the Quarterly Review, anonymous in the fashion of the day, there are extant over forty books, pamphlets, and papers on political economy, dealing with theoretical and practical issues.

The influence of Scrope's writings in his day is difficult to estimate. The part which dealt with the burning questions of the hour, such as poor-law reform, protection, agricultural distress, slavery, taxation, currency problems, and combinations, must be accorded some weight. That Scrope regarded himself as wielding

4. H. D. Macleod, *Elements of Political Economy* (1858), pp. vi-viii. Cf. J. S. Mill, *A. Comte and Positivism*, p. 83.

5. January, 1876, p. 103.

6. *Dictionary of National Biography*, s.v. Scrope.

his weapons with effect is evident from his statement that the greater part of the reforms which he had advocated for forty years had been achieved.⁷ It is more difficult to estimate his importance in the development of economic speculation. In 1845 McCulloch deigned merely to notice Scrope's 'Principles' in his 'Literature of Political Economy' with the comment: "A work of considerable talent and acuteness; but its theories and reasonings are, in many instances, not a little questionable." This from McCulloch is at all events indicative of something in Scrope different from his contemporaries. With reference to one question at least, that of population, Senior took cognizance of, tho he did not wholly accede to, the ideas of Scrope. Mill gives no indication that he ever heard of him. Jevons, on the other hand, always wrote of Scrope with respect, not only with regard to index numbers, where he granted him (equally with Lowe) the independent discovery of the tabular standard,⁸ but also for his statement of the "law of indifference."⁹ The posthumous fragment of Principles refers to Scrope as if he were an authority among the early English economists with whom Jevons was "exceptionally familiar."¹ His criticisms of Mill are cited approvingly by Jevons,² and indeed Scrope's temper toward the "shallow pretence to scientific accuracy which characterises the school of Mr. Mill"³ is akin to Jevons' complaint of the "incubus of bad logic and bad philosophy which Mill's Works have laid upon us."⁴

7. Scrope, Principles (2d ed.), pp. 333-339.

8. Jevons, Money, pp. 329-330.

9. Jevons, Principles of Economics, p. 59.

1. Ibid., p. v. Walras in an early work, *L'Economie Politique et la Justice* (1860), p. lvii, also mentions Scrope favorably.

2. Ibid., pp. 16-17, and 131-132.

3. Scrope, Principles (2d ed.), p. 349.

4. Jevons, Pure Logic and other Minor Works, p. 201.

The first economic publication that can be definitely attributed to Scrope is "A Plea for the Abolition of Slavery in England, as produced by an illegal abuse of the Poor Law, common in the southern counties" (1829). The stream of writing which issued thereafter comprised articles and pamphlets on monetary questions and on the broader social questions of his day, and two editions of his book, Principles of Political Economy.⁵ It would be impossible to adhere to chronological sequence in expounding his ideas, and in what follows the important material relevant to the question in hand will be considered irrespective of date of publication.

II

Scrope may claim to share with Senior and Mill the credit for initiating the discussion of the method of political economy. More than this, he was interested in its relation to the other moral sciences. Therefore he prefixed to the "Principles of Political Economy, deduced from the Natural Laws of Social Welfare, and applied to the Present state of Britain" a "Preliminary Discourse on the coincidence of the rights, duties and interests of man in society" for the sake of defining "the true scope and limits of political economy, and also of establishing a ground-work of axiomatic principles with respect to the rights of individuals and the duties of governments"⁶ upon which the maxims of the science rest. Opprobrium is often cast upon the economics of the classical period because of its implied presuppositions in psychology, in ethics, or in relation to natural law. The preliminary remarks of Scrope afford an opportunity to present one economist's explicit stand in these matters.

5. First edition 1833; 2d edition 1873, with the title *Political Economy for Plain People*.

6. Principles (1st ed.), p. xvi. Unless otherwise stated, hereafter the references are to this edition.

The few pages devoted so frankly to the "natural principles" breathe the spirit of the eighteenth century. That Scrope comprehends the true spirit of that century is indicated by his fondness for Hume and Butler. Under their guidance he avoids the extreme interpretations of the "natural law" philosophy, refusing to allow it to lead him to the anarchism toward which laissez-faire may be a step; or to that Panglossian stagnation which makes all things which are, eternal; or to that other extreme, state paternalism. As if anticipating criticism, he begins by repudiating the "axiom that 'whatever is, is right,'" whether applied to the actions of men or to the justification of existing institutions. It is generally recognized "that the physical and mental happiness of man may be most materially influenced by his social arrangements and these arrangements are susceptible of great and indefinite . . . improvement." The aim in moulding institutions is "in the quaint phrase of the Utilitarian sage, 'the greatest happiness of the greatest number.'" ⁷ This is the only standard implied in references to abstract right or natural justice; it has been more or less the standard "throughout all ages and nations." In humbly accepting, like Mill, this common-sense end, Scrope does not submit to that other tendency in some utilitarian thought, to assert "that every action of man has necessarily a selfish motive." ⁸ The arguments against psychological hedonism have never been more cogently put; nor the difficulties in passing from psychological to ethical hedonism more clearly seen than in his argument at this point. ¹

7. Principles, p. 1.

8. Ibid., pp. ix-xi.

9. Ibid., p. 12, note. He also shows, in the manner of Mill, that objections to accepting the common-sense end apply equally to all other assumed ends (ibid., p. 4, note).

1. Cf. ibid., pp. 12-13, note.

The content of Scrope's "economic man" is not determined by an appeal to a priori psychological or ethical postulates. It is true that political economy studies the effect of the production and distribution of wealth upon the happiness of mankind. This describes the "bias" or the direction of the economist. ² He is frankly interested in welfare economics, altho aware of the indefiniteness of the end. ³ The facts available are "vague," but there is sufficient uniformity in the masses of data to make generalisation possible. The principles of the science consist of deductions from axioms relative to the feelings and conduct of men. ⁴ The latter are not a priori; they are obtained by observation of experience. Throughout his discussion of natural rights there is a similar appeal to experience. He will write of natural rights, but always there is the qualification that the general welfare is regarded. The right of property depends upon the "principle of utility" which is itself, initially at least, a generalisation *per enumerationem simplicem*. ⁵ Nor is the basis of the principles of "free labour and free disposal of its produce" any different. ⁶ Experience teaches that aggregate production increases with the progress of division of labor. ⁷ It also teaches that men will move to the point of maximum return for their effort. Therefore if the various agents are "left free to settle terms with each other" there will "result a fair adjustment of their relative claims on the joint produce," tho the reward of each will not be "even exactly proportioned to the severity or duration of his

2. Cf. F. Y. Edgeworth, *Mathematical Psychics*, p. 81.

3. Principles, pp. 40-41; and cf. p. 218, note.

4. Cf. the Baconian *axiomata media* in the projected science of Ethology (Mill, *Logic*, Bk. VI, chap. 5, § 5).

5. Principles, pp. 50, 51, note.

6. Ibid., p. 85.

7. For agricultural experience cf. his Prefatory Letter to Lord John Russell (1817), p. xx.

employment." If each does not receive an increasing share of the increasing total "it must necessarily be owing, and can in every case, by some little attention, be traced to the interference of erroneous institutions with these simple natural principles of production and distribution."⁸ Some institutions are necessary to ensure "freedom" of individual action. In the exercise of this freedom society has become increasingly coöperative. "The unerring instinct of self-interest" has played its part in constructing a society more complexly coöperative than could be achieved by mortal design. Institutions must work with and not against the operation of self-interest.

Everything that Scrope wrote about social institutions displays the liberal quality of his social philosophy. He was liberal in the sense that he recognised the need for both order and progress in society. Order is stressed when references are made to the "natural system," for there the economic institutions "afford scope for the development of those principles of industry and economy which are implanted in the bosoms of all men."⁹ The expression of the order, however, is not eternal. Society develops, and new forms become necessary to give play to the tendencies of human nature. Consequently institutions may be the source of instability because of their immobility. They may inhibit the development of the potentialities of the masses of the people until seething revolt forces a change to restore order or equilibrium in society.¹ There are so many tendencies making for irrationality and inertia in the laws and institutions of society that they never possess the degree of perfection involved in the idea of natural liberty; "accident, association, ignorance, force or cunning" do

8. Principles, pp. 85-87.

1. Ibid., p. 301.

9. Ibid., p. 124.

their work "to the full as much as . . . wise and well-meaning deliberation for the common welfare."²

History, or experience, teaches us that institutional control and the control of institutions are possible in some degree. This is the rational element in the situation. It is exemplified in Scrope's opposition to the form of the Poor Law of his day. He was not opposed to a Poor Law per se; on the contrary he commended the "immortal statute" of Elizabeth, as one of "the wisest and most necessary of institutions" even on the grounds of "mere worldly policy."³ All his polemics against the Poor Laws attacked the abuses which attended the change in the administration of the laws. Country gentleman tho he was, he blamed the landowners for introducing the Allowance System in an effort to protect themselves against a fall of rents, thereby setting up impediments to the operation of those forces which would introduce the "natural" system of equilibrium.⁴

It is to be emphasized that Scrope's argument on questions of this kind did not mean throwing off all controls to allow the blind struggle between individuals *in statu quo* to proceed to any conclusion. Society neces-

2. Principles, p. 295. The system of "natural liberty" was not ready at hand, capable of being set up once for all. The simple and natural principles which ought to regulate, say the appropriation of land, are really only the best because from our knowledge of the facts they appear to make for a maximum of product (cf. Principles, pp. 98 and 132.) When subsequently this best arrangement was referred to as the one intended by Providence, it was simply paying tribute to conventional theological dogma, and no more detracted from the scientific analysis than did the designation of land as the "common bounty of the Creator." (Ibid., p. 132.) His own words in a critical note on Whately indicate his position. "It may be said that all creation is an inconceivable mystery. True, and therefore we refer to it only what cannot be accounted for in any other way. Where secondary causes utterly fail, there we necessarily resort to the action of the great First Cause." (Ibid., p. 260, note).

3. Ibid., pp. 304-305.

4. Ibid., pp. 310-313.

sarily involves the concept of status as well as of contract. Private property in land affects the status of the mass of the people, and Scrope asserts that to "appropriation of land" is attached the corollary "protection of labourers." The system which makes the majority of the people laborers for hire and places them in "an exceedingly precarious position" imposes upon the government "the imperative duty . . . to keep an especial watch over the condition of this class."⁵ Evils in the England of his day, patent to any observer, he unhesitatingly attributed to the neglect of this duty and classified it as the "most gross and palpable mismanagement of the resources at the disposal of man."⁶

III

Two closely related practical questions gave the main impetus to Scrope's economic literary activity: the population problem and the Poor Law. It became a primary object in all of Scrope's writings to refute "that most pernicious dogma . . . palmed upon the public as the fundamental axiom of political economy: namely, 'the tendency of population to exceed the procurable means of subsistence.'" He appealed to history and contemporary facts to show the falseness of the "Malthusian" generalisation. He argues that, up to the present at least, the supply of food has increased faster than population, so that the standard of life has continued to rise. The meaning given to the principle when stated as a tendency does not escape him, and he sees the proponents of it quitting "with some sense of shame . . . the argument upon tendencies" to turn to the

5. Principles, p. 300. Cf. Plea for the Rights of Industry in Ireland (1848), p. 49.

6. Ibid., p. 293. Cf. The Rights of Industry, or the Social Problems of the Day as exemplified in France, Ireland and Britain (1848), p. 43.

diminishing fertility of soils. The trouble from the practical point of view, lay to some extent, in the assumption of a "necessarily limited territory." Even neglecting the account to be taken of uncultivated tracts, Scrope thinks it would be truer to generalize about the "increasing productive power of agriculture" than about the diminishing fertility of soils.⁷ For Malthus, the difficulties in getting food and the necessity of checks were of the present and not of the remote future.⁸ This is what Scrope would combat. Practical expediency demanded that efforts should be concentrated upon increasing productivity. From this standpoint emigration assumed greater importance than in the eyes of Malthus, and the reference to it as only a temporary expedient drew Scrope's sarcasm. He refused to use a principle based upon what would eventually happen when all the world became like a garden. Rather, he would say, let us concentrate upon the increase of food and leave the problem of decreasing population to the future.

In general, Scrope saw the weaknesses of the Malthusian principle in the precepts which were based upon it. If the general principle is "able to solve a number of dependent questions in the way of corollaries," the accuracy of the solutions depends upon taking account of all the details both in reasoning up to the general principle and in reasoning down to the particular conclusion. The sweeping nature of the principle and the looseness of its applications caused Scrope to demur, and he spent a great part of his literary powers in striving to demonstrate that, even as formulated by Malthus, it did not

7. Principles, pp. xvi, 103, 101.

8. Bonar, Malthus and His Work, p. 77. Mr. Bonar in his scholarly monograph collates Malthus' publications, and it is convenient to accept his generalizations, which are often identical with those taken by Scrope as the *point d'appui* of his criticisms.

legitimately lead to the practical conclusion that man's salvation lay in emphasizing the preventive check.⁹

The corollary of the population principle which Scrope was least inclined to accept was that which led to opposition to the Poor Laws. In this respect he differed from Malthus. The latter thought the Poor Law had been less harmful than it might have been because of "its incomplete execution."¹ According to Scrope, remissness in the administration of the "immortal statute of Elizabeth" was the root of the evil. The cause of the evil was not the assertion of the right to relief; on the contrary, in "the present very artificial constitution of society" every person has "a natural and indefeasible right to support."² This admission should not be used, however, as a subterfuge to lower the condition of others in society; if necessary, it would be better, as Malthus argued, to let a few big

9. The rather meager utterances of Scrope apropos of the checks to population indicate that he had not in mind, any more than Malthus, birth-control in the modern sense. He admonished Miss Martineau severely for writing, ill-informed, upon the preventive check. "Poor innocent! She has been puzzling over Mr. Malthus' arithmetical and geometrical ratios for knowledge which she should have obtained by a simple question or two of her mamma." And harshly he insinuated that she had "been entering into high and lofty communion . . . with certain gentlemen of her sect, famous for dropping their gratuitous advice . . . into areas, for the benefit of the London kitchen-maids" The innuendo is made more specific by his asking if Miss Martineau sat for the picture of Moore's "she Politician" described by the doggerel:

"T is my fortune to know a lean Benthamite spinster
A maid who her faith in old Jeremy puts,
Who talks with a lisp of 'the last new Westminster,'
And hopes you're delighted with 'Mill upon Gluts.'"

On the other hand he could confess that those who were convinced by Malthus' pessimistic argument might well be "excused ever after for running wild in admiration of the 'preventive check' or of those other numerous and occasionally singular and disgusting specifics for stopping the increase of human life and happiness by some less disagreeable processes than famine . . . with which we have been pestered for years past by every tyro in political economy." (Cf. Quarterly Review, April 1831, pp. 101-102; and April 1833, pp. 141 and 151.)

1. Essay on Population (1890), pp. 316-317.

2. Plea for the Abolition of Slavery, p. 17.

families starve.³ But it was *not* necessary; the existing evils could all be attributed to the illegal extension of the Poor Law in the Allowance System. A Poor Law as such, altho it removed one conceivable check to population in the fear of starvation, might yet leave an effective check in pauperism and straightened circumstances. Positively it is to be commended as a police measure to control mendicancy and as a means of socially distributing the burden of relief. Malthus and others generalized too readily against the Poor Law.⁴

Hand in hand with the abolition of the abuses of the Poor Law went measures for employing the laborers forced out of the economic system for one reason or another. For years Scrope advised that workers thrown upon the parish should be employed upon public works. The existence of seasonal occupations might even make it worth while to keep some laborers habitually on unprofitable public works for part of the year. Nor is he deterred by the economist who "will say that their [public works] not being undertaken is itself a mathematical proof of their not being profitable. . . . Prejudice, ignorance, stupidity, illness, want of information, of credit, of capital, — a thousand similar obstacles at times interpose to prevent men always and everywhere employing their means to the best advantage. . . . If the axiom of the economist were correct where were the advantages of education, knowledge, example, coöperation?"⁵

Scrope was extraordinarily concrete in his scheme for public works contracts.⁶ For years he was the advocate of measures supplementary to poor relief, especially in

3. Malthus, *op. cit.*, pp. 344-345.

4. Plea for the Abolition of Slavery, pp. 2-4.

5. A Second Letter, pp. 21-26; and cf. Plea for the Rights of Industry in Ireland, p. 16.

6. A Second Letter, pp. 31-34.

the case of Ireland, where he thought there was most scope for public works.⁷ The reclamation of waste-lands would be a valuable adjunct to the Workhouse. There must be work behind the Workhouse, and it must be useful to engender the right spirit in the workers.⁸ The measures which he advocated were in accordance with the letter of the Elizabethan rule, — “set to work” at cost and on account of the parish, — which had operated successfully for two hundred years.⁹ Exaggerated importance should not be given to public work in a permanent view of society, but in such exigencies as those in which Ireland found itself Scrope would not agree that the state could do little. Insecurity of tenure made it impossible for tenants to drain land piecemeal; and landlords were, to say the least, apathetic. Armed with a labor force which had to be supported in any case, the state could continue the permanent improvements with benefit until the land reached “that state when the consequent increased productive power will barely pay the cost of operation with interest.”¹

When he carried this line of thought a further stage he may be regarded as heralding the position of twentieth century liberalism in his country. He would not have the state stop at public works in its rationalizing activities. He would have it gradually substitute for the Poor Rate “a general fund for mutual assurance.”² The scheme he attributed to Mr. Brereton,³ and it had

7. Plan of a Poor Law for Ireland (1833), p. 81.

8. Remarks on the Government Irish Poor Law Bill (1837), p. 11; and The Irish Relief Measures Past and Future (1848), p. 40.

9. Rights of Industry, pt. 3 (1848), p. 3.

1. Extracts of Evidence, pp. iii, xiii, 80.

2. A Second Letter, pp. 36-37.

3. Scrope had in mind a review of C. D. Brereton's two books on the poor law and pauperism in the Quarterly Review, October, 1827. The review is not by Brereton, and the latter's books do not mention the scheme or anything akin to it. Nor does the review article call it an assurance scheme, or work it out as fully as Scrope. Cf. Principles, pp. 316-319.

been put forward in 1827. Scrope not only embraced it, but suggested improvements, until it has every appearance of a sound modern insurance scheme. Payments were to be compulsory on the part of the employer. In times of high wages the contribution would fall as a tax upon wages, when in effect a part of wages would be reserved by law. When wages were at a minimum the tax would be paid by the employer, and the incidence would be distributed wisely in proportion to the number of healthy laborers employed.⁴ Such a scheme would simply “preserve its [the Poor Law's] original character under the altered circumstances of society,” and would make the “paternal foresight and benevolence of the state” intelligible to the poor.⁵

The foregoing is indicative that Scrope's attitude toward pressing problems of his day was in harmony with his social philosophy. More explicit evidence may be adduced to show his detachment from that “minimising doctrine”⁶ known as laissez-faire. A pamphlet⁷ published in 1848, before he had read Mill's Principles, is emphatic enough to break down Mr. Keynes' tentative generalization that Cairnes “in 1870 was perhaps the first orthodox economist to deliver a frontal attack upon laissez-faire in general”⁸ — unless, indeed, we deny that Scrope was orthodox. Scrope distinguished two rival schools of economists: the laissez-faire group, according to whom the state should refrain from interfering to promote material well-being; and the Pro-

4. A Second Letter, pp. 42-46.

5. Principles, pp. 321-322.

6. Sir F. Pollock, History of the Science of Politics, p. 132.

7. The Rights of Industry or the Social Problem of the Day as exemplified in France, Ireland and Britain. Following this were two other similar pamphlets written in 1848, after reading Mill's Principles, and commending the treatment of the land question in the latter.

8. J. M. Keynes, End of Laissez-Faire, p. 26.

tectionist or Paternal Government group, who regard the state as a *paterfamilias* inspecting and prescribing everything. Each pushes its doctrine to an unwarranted length. "In this question as in so many others the *Juste milieu* is the only true and safe course."⁹ Those "economists who attempt to decide questions of so complex and variable a character by any hard, dry, inflexible rule applicable to all times and circumstances, are only to be classed as dogmatists, no more trustworthy guides in political philosophy than a butcher would be in surgical anatomy." To decide the question of state interference we "must necessarily consult the genius of the people, the character of the age, public opinion, the circumstances and habits of the population, the very geographical features of the country . . . its political constitution, its past history and old associations. . . ."¹

Blindness to these considerations was at the bottom of the opposition to a favorite project of Scrope's, the reclamation of waste land. To say that it would be done if it were profitable was to fall back upon one of those "slashing arguments by the use of which political economists have so often brought their science into undeserved discredit. A proposition true in the abstract is assumed to hold good under all possible circumstances. Capital, it is said, like water will always flow in any direction in which profit is to be made."² Actually, Scrope argued, there are often obstructions in the channels, which only the state can remove.

Thus it is not too much to say that in his social philosophical outlook and in his judgment on particular social issues Scrope was the equal of Mill, in whose en-

9. *The Rights of Industry*, p. 5.

1. *Ibid.*, p. 6.

2. *A Plea for the Abolition of Slavery*, p. 16.

lightened vision we can still find so much to admire. In Scrope at least there is none of the rigidity in principle or in precept so frequently charged against economic science in England.

IV

The interesting monetary problems of his day did not fail to interest Scrope. In 1830 he made his first contribution to the controversy in an essay on the superiority of credit currency to coin.³ Three years later he published his pamphlet on the Bank Charter Question, and subsequently embodied the views of these two publications in the *Principles of Political Economy*. In all three the main theme is the evil arising from fluctuations in the value of money and the remedies to be applied. The advantage of "pure credit-currency [is] in maintaining the supply of money as nearly as possible upon a level with the demand, so as to keep the aggregate of prices on a par with the aggregate costs of production."⁴ Fluctuations in the exchange value of gold and silver had probably been underrated. The evils attendant upon the fluctuating price level may be largely summed

3. *On Credit Currency and its Superiority to Coin*, in support of a petition for the establishment of a cheap, safe, and sufficient circulating medium (1830). The 1833 pamphlet was entitled: *An Examination of the Bank Charter Question, with an inquiry into the nature of a just standard of value, and suggestions for the improvement of our monetary system*.

4. *Ibid.*, p. iii. The word "aggregate" and the phrase "costs of production" are unfortunately chosen. By the former he means "average," as he shows in his *Political Economy* (p. 405). He is led to use "costs of production" in his efforts to refute those people who claim that value is determined accurately by cost of production in labor. A commodity "invariable in its producing labour" would only measure accurately "real value," that is, the relation of other commodities to labor. But invariability of "real value" is the worst feature for a standard of value since the "real value of the mass of commodities is constantly diminishing." Scrope finds this confusion in all economists from Smith onwards. (Cf. *On Credit Currency*, p. 4; *An Examination of the Bank Charter*, p. 11.)

up under the injustice of "disturbing the intention of all money contracts."⁵ If people had only known in the period following 1810 that "their fortunes were being occultly . . . undermined" they would long ago have agitated for monetary reform.⁶ A given change in the price level affects debtors and creditors in opposite ways. Those people who have "a multiple of debit and credit transactions" are relatively unaffected, but there are some people who have predominantly one or the other, and they gain or lose much by changes in the value of money.⁷

Contemporaries — and predecessors — of Scrope fully recognized this aspect of the evil of price changes. The tendency was to regard the effect upon distribution as the only evil, and one which was indifferent from the point of view of the national income.⁸ Scrope, who went back to Hume for guidance, could see more far-reaching effects, springing from the circumstance that transactions occupy time, to which the nation could not be indifferent. Taking into account fixed money contracts "high money prices are an advantage to producers" and must encourage production. The only fund for the employment of labor is "the net produce of industry left after the payment of all fixed engagements and this is diminished by a fall in prices."⁹ It was an argument of Hume's¹ and had been impugned in Scrope's time on the ground that if the increased money did not raise prices there would be no encouragement to industry, and if it did raise them the value of money would be sunk in proportion and there would still

5. *An Examination*, p. 14.

6. *Ibid.*, p. 16.

7. *On Credit Currency*, pp. 14-15, note.

8. Cf. J. Mill, *Elements of Political Economy* (1821), p. 122.

9. *On Credit Currency*, pp. 29-31.

1. Hume, *Essays* (3rd ed.), iv, 42 and 44-45.

be no encouragement.² Scrope, however, agreed with Hume's dictum that "alterations in the quantity of money . . . are not immediately attended with proportional alterations in the prices of commodities." Therefore, altho sudden changes of either kind are detrimental, the most desirable situation would be — following Hume — a gradual rise in prices "which would give sensible encouragement . . . without damping industry by allowing uncertainty" to arise.³

The case which Scrope makes for the substitution of paper money for metallic currency depends upon his diagnosis of the causes of depression. Inelasticity of the currency is the root evil. Depression is caused by the supply of money being too small, not by goods being too plentiful, because producers must pay fixed money rents, taxes, and interest, out of diminished receipts.⁴ The substitution of paper money means an addition to the fund for the employment of labor, because it enables the whole savings of industry to be applied immediately to production.⁵ At once the problem arises of a gauge to regulate the issue of paper money. Scrope's thesis is that there is nothing to prevent the supply of paper money from keeping pace with the volume of goods so "as to maintain the aggregate of prices up to the level of the aggregate of costs of production." *Given a sound banking system* "the existing demand for it [paper money] in the market" limits its supply.⁶ Under the ordinary gold standard the foreign exchanges are the indicator upon which the bank fixes its eyes. If too much paper is issued prices rise, exports diminish, and

2. See for example J. Mill, *op. cit.*, pp. 122-123.

3. *On Credit Currency*, pp. 33-34.

4. *Ibid.*, p. 69. It is significant that the title of Scrope's pamphlet reads "a cheap, safe and *sufficient* Circulating Medium" while Ricardo's is "an Economical and Secure Currency."

5. *Ibid.*, pp. 69-71.

6. *Ibid.*, pp. 46-47.

imports increase; gold is needed for export, and it is not profitable for the banks to pay out gold for notes.⁷ Therefore, the mechanism of the foreign exchanges places the self-interest of the bankers as a check upon the issue of surplus paper money.⁸ The system would be improved if gold were ear-marked at the Bank of England for export. It would return when the exchange on the importing country moved against it; and the regular expectation of this would obviate gold export altogether.⁹

By 1833 his position had advanced, and he came definitely to the conclusion that there is not sufficient control of the price situation under the ordinary gold standard. Non-monetary factors like the hoarding of gold in war-chests may affect prices. On the other hand when, for commercial reasons, gold accumulates in a country, instead of its price falling "it creates an immediate rise in the price of all other things," so stimulating imports and checking exports. The ultimate effect of importing gold is that it is exported again through changes in the trade balance and so in the exchanges.¹ It is for the Bank to determine if prices shall fall when gold flows out. If the Bank neglected to regulate the circulation (and prices) with the influx and efflux of gold "the exchanges would ultimately right themselves, but after a longer interval and with a more violent and sudden shock."² Scrope's plea was for

7. Presumably because they would sell gold at a fixed price and replenish their stocks at a premium in the market.

8. *On Credit Currency*, pp. 47-48.

9. *Ibid.*, pp. 51-52. There is no discussion of the mechanism.

1. *An Examination*, p. 41. Scrope is clearly "bilateral" here in his theory of the exchanges. (Cf. J. W. Angell, *Theory of International Prices*, pp. 57, 64.)

2. *Ibid.*, pp. 40-47. The banks have neglected this fact; they did not really discover it till 1827. Their arbitrary action had in the meantime accentuated the fluctuations which are inevitable under the gold standard. After 1814 the Bank directors diminished the circulation

more management on the part of the Bank. The function of the "tabular standard" was to make greater control over prices feasible. A group of commodities representing adequately the mass of commodities should be taken as the basis to adjust the legal standard if not to be it.³ In fact the true purpose of the standard of value is for reference, not for constant use; it is the distinction between the standard of value and the medium of exchange which he had earlier made in the use of gold itself.⁴ If they saw fit, individuals could "regulate their pecuniary engagements by reference to this 'Tabular Standard,' and thereby longer-time contracts would be encouraged.

Under the gold standard the Bank has the power to "manage" the currency. Ultimately "the value of gold determines everything" while convertibility is enforced; but "locally, temporarily, and to a very great extent the Bank action determines the value of gold."⁵ The problem for Scrope became to ensure intelligent action by the Bank in its control of prices, to diminish rather than to accentuate the fluctuations which are inevitable under the gold standard. By 1833 he was ready to commend Mr. Joplin's plan for a national bank

to bring about a fall in prices in order to get gold at mint-par; simultaneously they were absorbing gold and so lowered prices in foreign markets. Therefore there was no counteraction of the falling prices and consequently prolonged depression. Later, gold and notes were issued together in order to put gold into circulation; but the gold was exported. Then the bank had to begin all over again to reduce prices to get gold in preparation for the resumption in 1823. Historical accuracy apart, these observations show the theory he was enunciating.

3. For the "tabular standard" see *An Examination*, pp. 25-26, and *Principles*, 406-408. He saw the necessity of weighting the average of his hundred commodities by taking "quantities corresponding to their relative consumption." Lowe's phrases were the "standard of reference" and the "table of reference." Joseph Lowe, *The Present State of England* (N. Y., 1824), pp. 300-304.

4. *On Credit Currency*, p. 65.

5. *An Examination*, p. 39.

believing it to be substantially Ricardo's. A great central establishment is preferable to rivalry in note issue in order to give paper money "steadiness in value in relation both to *gold and commodities at large* — to maintain it constantly at the par value with the gold standard, *taking the average of short periods* — but at the same time to prevent its fluctuating . . . with every temporary variation in the demand for . . . metal."⁶ The leading objection to Joplin's scheme was that there was no provision for increasing the currency with expanding industry except through an increase in bullion. Expansion by the purchase of government securities according to the indicator, price of gold, was Scrope's remedy for the defect.⁷ The notes should be legal tender to escape the vicissitudes which result from the dangerous power put in the hands of the ignorant masses by the rule of instant convertibility.⁸ Given these conditions, the only plausible objection to a national paper money is the fear of over-issue, which, he thought, could be adequately avoided by having regard to the price of bullion or the tabular standard.⁹

Many of Scrope's views on banking and currency, as for example his recommendation that silver should be the monetary standard, are identical with Ricardo's. If he had done no more than put on the mantle of Ricardo in 1830 and 1837 his merit would not have been mediocre. Actually he did more, in emphasizing the imperfections of the automatic gold standard, and in urging the merits of an index of general prices, which Ricardo had easily discarded as "of no use whatever," arising as it did from a "misconception of the difference be-

6. *An Examination*, p. 72. His italics.

7. *Ibid.*, p. 61.

8. *Ibid.*, pp. 63-64.

9. *Ibid.*, p. 76.

tween value and price."¹ Scrope did not indeed formulate a definite plan for a "managed" paper currency guided by an index of prices.² Perhaps he could not focus the problem sufficiently to achieve so much. But he saw difficulties in the gold standard, and did not rest content with the mechanism of an automatic gold standard as the practical ideal.

Before writing his *Principles of Political Economy* Scrope had already noticed the connection between trade depression and shortage of money. In the first edition he analyzed the phenomenon more fully than heretofore. Altho experience attests to the existence of periods of general distress and general glut "it is to be suspected . . . that such phenomena are anomalies, not in the order of events which flow from the simple and natural laws of production, but occasioned by the force of some artificial disturbing cause or other, introduced by the fraud or folly of the rulers of the social communities they so grievously affect."³ A general glut exists when "goods of all kinds are — sold below their prime cost."⁴ The occurrence of such gluts is an expression of the instability of the value of money due to "changes in the relation of its demand and supply."⁵ Governments are culpable which enforce the employment of money of some kind as a medium of exchange and yet

1. Ricardo, *Proposals for an Economical and Secure Currency* (Conner ed.), pp. 162-163.

2. See, however, the position taken in his *Principles* (2d ed.), pp. 312-314.

3. *Principles*, p. 214.

4. *Ibid.*, p. 212.

5. *Ibid.*, p. 215. There is a modern note when he writes: "the possibility of such a change [a rise in the value of money] would prevent those who hold money from parting with it, and render it un-serviceable as a circulating medium." And the possibility of a fall in value must similarly indispose people from parting with goods and "equally prevent its circulation as a medium of commerce" (*ibid.*, p. 402).

take "no precautions against its liability to vary in value, and permit such variations to derange the whole course of trade."⁶ When the "deficient supply of money" restricts the demand for goods, manufacturers, on account of their fixed capital, do not stop producing. There are even forces at work to increase supply. When piece rates are cut laborers work harder; and diminished rates of profits lead to attempts to push sales — thus increasing the tendency of prices to fall. The outcome is not wholly evil. New demand may be engendered for some products; the ingenuity of producers may be strained to invention, so that "by the time a new demand has been established . . . producers find themselves enabled to supply this demand at these same prices."⁷ We are not to presume, however, that all depressions are the necessary costs of progress.

A change in view — one of the few — appears in the second edition. The references to the "unnaturalness" of gluts⁸ are omitted and a paragraph is inserted showing that "one of the most signal and unquestionable characteristics of commercial and industrial enterprise . . . is its tendency to oscillate continually between phases of excitement and depression" at intervals generally of about eight or nine years.⁹ This is no doubt in great part, indeed chiefly, "referable to that law of the constitution of the human mind through which extreme excitement is always followed by reaction — the fever of hope and over-sanguine expectation by the cold fit of doubt and disappointment." And the analysis continues very much in the manner of Professor Pigou. At one moment "money is cheap and plentiful because

6. Principles, p. 216.

7. Ibid., pp. 212-216; and cf. p. 197.

8. Ibid., pp. 214, 216.

9. Principles (2d ed.), p. 173. It is probable that by this time he had read Jevons and Macleod.

credit and confidence are universal." Suddenly "some of the weakest schemes break down, a panic sets in; universal distrust succeeds to universal credit . . . a cold fit is on again." After the crash "it takes some years before the wrecks are cleared away, and the surviving traders recover their confidence in one another, or in the success of their business."¹ The old and main thesis, however, is not forgotten. This alternation "has been aggravated by faulty monetary laws." Yet if his view of the "natural tendency of the human mind to extreme elation and general confidence . . . followed after an interval by revulsion, and equally extreme distrust" be correct "it must be obvious that no legislative enactment can wholly prevent these oscillations of credit."² At the same time, only a modification of his earlier statement was made when he wrote: "The manoeuvres of the Bank of England have been in a great degree the cause of those see-saw alternations of surprising prosperity and unexpected ruin."³ Furthermore, importance is to be given to monetary causes because it is well known that there are "periodical fluctuations in the demand for notes for the ordinary transactions of the country" and the "want of elasticity in the system of supply of legal currency" is a source of those temporary and local variations in the value of money the importance of which he had stressed nearly half a century earlier.

1. Ibid., pp. 173-174.

2. Ibid., p. 301; and cf. p. 319.

3. Ibid., p. 315. Both in 1833 and in 1873 he allowed that actions of the Bank were "at the solicitation of the minister of the day" — it was "often goaded on to misconduct by the government of the day" (Principles, pp. 414-415; [2d ed.], pp. 314-315).

V

Constant references to the "orthodox economists" in Scrope's writings are one indication of his critical temper. Critical ability and theoretical acuteness appeared in his earliest pamphlets, but soon he launched a more formidable attack. After the manner of his day, he wrote a review in a current periodical, choosing as his media Malthus' *Definitions of Political Economy*, McCulloch's *Principles* and Samuel Read's *Enquiry*.⁴ It is impossible to do full justice to that article without reproducing it; but some indications of its scope may be given.

He was impatient of the confusions in the quarrels about the definition of wealth and of productive and unproductive labor. The idea of "comparative estimation" seemed to be necessary in designating anything as wealth, and therefore wealth consisted "solely of immaterial qualities." All purposes would be served if wealth were regarded as a "saleable article" and any means productive if they resulted in this.⁵ He objected to efforts to set up labor or anything else as a natural and real measure of value. Some things, as Smith's corn, are better conventional standards of value than others, but "there can be no such thing as an invariable standard."⁶ Altho the values of all things "in the long run" are equal to cost of production, this does not leave cost of production a standard of value. He found it ludicrous to work the labor theory of value to the extent of explaining the value of capital, and the increase of value by ageing, in terms of accumulated labor.⁷ More serious still was the weakness which sprang from eco-

4. *Quarterly Review*, January, 1831.

5. *Ibid.*, pp. 4-6.

6. *Ibid.*, p. 14.

7. *Ibid.*, pp. 16-17.

nomists' practice of arguing as if "the equalisations that take place between antagonistic forces in periods of long duration . . . [are] . . . balances . . . constant at all times."⁸ He was critical of the orthodox analysis of the interrelations between wages, profits, rent, and prices.⁹ And finally he saw the gravest fallacy of all springing from the unwarranted assumption that conclusions which are guides to increasing wealth in the sense of exchangeable value are also guides to increasing utility, as if to maximize "wealth as measured by price or market value" is to bring the greatest aggregate happiness.¹ He argued trenchantly that the difficulty of weighing happiness is present in all moral science, but that civilized society, nevertheless, cannot follow the precept of letting things find their own level.²

The main ideas of contemporary economists, which had run the gamut of his critical powers in this one article, were further discussed when he gave the "argument a more methodical form"³ in his *Political Economy* in 1833. There his discussion of value and distribution is both critical and constructive. His economic logic is directed toward an understanding of the demand and supply mechanism, and his analysis almost deserves to be called Marshallian. Indeed, he formulates the problem of price so definitely in terms of the balancing of opposing forces that he uses "Equilibrium of Demand and Supply" as one of his paginal captions.⁴ The synopsis of the chapter on value signifies his intention of devoting a section to "demand

8. *Ibid.*, p. 29.

9. *Ibid.*, pp. 27-28, 30-36.

1. *Ibid.*, p. 43. And cf. "Whately on Political Economy," *Quarterly Review* (November, 1831), pp. 49, 51-52.

2. *Quarterly Review* (January, 1821), p. 47.

3. *Principles* (2d ed.), p. viii.

4. *Ibid.*, p. 199.

and supply -- their variations and reciprocal action."⁵ The problem to be treated in the chapter on value was stated in the chapter on capital and its income. Having pointed to the "continual oscillation -- of the returns of capital -- about a mean level or average of *net profit*," he asserted that this is "accompanied, or rather, caused, by an analogous oscillation in the *market value*, or *selling price*, of commodities about *the mean cost of their production*."⁶ This was the phenomenon to be analyzed in discussing value. He began by clearing away confusions due to attempts to find some absolute value, and by showing that, besides desirability, limitation of supply is essential for the problem of value to exist. In referring to the degree of limitation he used the term "Scarcity, or rarity as it is called."⁷

In spite of his retention of the conception of a "proportion of the demand to the supply" as determining selling price at any given time and place, and of his failure to put his analysis in terms of demand and supply prices, his reasoning is freer of confusions than that of most of his contemporaries. He distinguished temporary and permanent causes of variations in the extent of demand and supply, constant and inconstant demand, and changes in demand which are and are not proportional to changes in price.⁸ The temporary and casual causes affecting supply do not necessarily refer to *cost* of production. On the other hand, those which "determine permanently and on the whole the average supply of goods to meet the demand for them, are those which may be included under the general designation of their necessary *costs of production*."⁹ Without using

5. Principles, p. 161.

6. Ibid., pp. 162-163. Scrope's italics.

7. Ibid., p. 168.

8. Ibid., pp. 185-186.

9. Ibid., p. 188; and cf. pp. 195, 211. Altho he denied the validity of "real value" with the connotation of "absolute standard," he was willing to admit the usefulness of the term "real cost" to denote the

the name, this served all the purposes of the concept of a supply price. "It is quite evident that the cost of producing any article must in the long run determine its price, otherwise "no one will continue to produce it for sale at that expense." Sudden increases in demand or casual deficiencies in supply may cause fluctuations about this price, but the "constant tendency both of demand and supply is to come to an equilibrium."¹ "Moreover, . . . supply and demand act and re-act on each other." A permanent increase in demand may be induced by a temporary fall in price, so that both demand and supply may be greater and in equilibrium when the price rises to the old level.²

Acute points and novel reflections abound in the discussion of incomes. After his disquisitions upon the denotation of "natural" he feels no misgivings in writing of the "great principles of natural right" which ensure "the most equitable distribution of wealth." There are observed differences "naturally existing" between the qualities of men, and maximum efforts are only called forth by awarding to each the product of his own exertions. "Accidental circumstances" increase the differences between the products of individuals, but it is "almost impossible to separate the advantages that an individual derives by accident from those which are the consequence of foresight and enterprise."³ And we must accept, in so far as we cannot eliminate, these differences. Their existence does not repudiate the principle governing reward.

A more serious question arises when we ask "by

"actual amount of labour, capital, and time required for the production of any thing," and thus to designate the "increase of man's power over nature" (ibid., p. 189).

1. Ibid., p. 198.

2. Ibid., p. 199.

3. Ibid., pp. 218-219.

whom and by what rule is it to be determined in what proportion any of the parties concerned have contributed towards the production of any portion of wealth?"⁴ The answer to this explains his acceptance of the "principle of free exchange," or competition. "No after-analysis . . . could pretend to discover, with any accuracy" the contributions of the cooperating agents. "This can be ascertained only *at the time* the contributions are made or arranged, and by *no other judges* than the interested parties themselves, and by *no other means* than their voluntary settlement of terms with one another; in short, only by previous bargain or contract *inter se*."⁵ Customary arrangements may exist, but they emerge out of the decisions of contract.⁶ Altho he condemns attempts "to tie down such agreements *generally* as by a law, establishing either a *minimum* or a *maximum* of wages, interest or rent," he would favor any *particular* measure which did no more than protect the bargaining power of the workers, as he showed in his approval of trade combinations.⁷ The maintenance of the *general* principle of competition was his concern.

He felt the necessity of registering his dissent from accepted views on the operation of "the principle of competition." Undoubtedly many of his criticisms were instigated by reading and reviewing contemporary works which were not so conspicuous as those of Ricardo and Malthus. Thus in 1831 he found Jones in close agreement with him on rent, and regarded the former as applying the "finishing-stroke to the miserable theory of . . . Ricardo."⁸ It is true that Scrope interpreted

4. Principles, p. 227.

5. Ibid., p. 228. Scrope's italics.

6. On this point cf. Marshall in A. C. Pigou, Memorial of A. Marshall, pp. 169-170.

7. Principles (2d ed.), p. 340.

8. "On Jones' Essay," Quarterly Review (November, 1831), p. 81.

Ricardo too literally when he asserted that the latter excluded the effects of situation and "artificial improvements."⁹ Yet his own emphasis was upon that which was less prominent in Ricardo, and his criticisms are anticipations of the controversies over the interpretation of Ricardo that have subsided for the time being with the publication of the Notes on Malthus. He put his finger on weaknesses that were emphasized at a later date. Ricardo was wrong in assuming a stationary demand for agricultural produce.¹ Economists in general are inconsistent: when they are showing that improvements lower rents, they assume that demand lags behind supply; but when they are arguing that landlords gain only at the expense of the public, they assume that supply lags behind demand with a resultant rise in price.² They cannot be allowed "to blow hot and cold with the same breath." Improvements may operate in agriculture exactly as they do in manufacture. Yet most commodities "can be supplied in increased quantities only by an increased proportionate outlay."⁴ Proximity to a market is included in the forces affecting cost of supply. The principle involved is one that "teems with very important consequences." It is because uniformity of price is coupled with differentiation in cost that the surplus emerges that "constitutes the rent of land."⁵ From another point of view rent is "the simple consequence of an increased local demand requiring an increased local supply."⁶

9. Principles, p. 174. Cf. Ricardo, Principles (Gonner ed.), p. 49.

1. On Jones' Essay, p. 94. And see Gonner's edition of Ricardo's Principles, pp. xxxiv-xxxv.

2. Ibid., p. 90. On this confusion see J. H. Hollander's introduction to Ricardo's Notes on Malthus.

3. Ibid., pp. 98-99.

4. Principles, p. 169.

5. Ibid., p. 173.

6. Ibid., p. 175, note.

Scrope could trace likenesses and unlikenesses further than most people, and he extended the "generic nomenclature" rent until it embraced the income of a general class of "immoveables," in accordance with common usage. Capital is "moveable" and "when capital becomes no longer distinguishable from land," no longer separable "except by an extremely slow process . . . its return merges in rent."⁷ The same insight led him to urge that "when capital has been . . . incorporated with man himself in the increase of his productive powers" it should be called "ability, not capital; and its returns be called wages, not profit."

One of the weaknesses in the main stream of economic thought in England is the failure to distinguish interest from other elements in that omnibus return "profits," with the consequent confusions relative to the interconnection of fluctuations in profits and wages. Scrope reviewed Samuel Read's book in 1831 and profited by it. The vulgar notion of gross profits embraces interest on capital, insurance against risk, wages of superintendence, and monopoly gains (or rents).⁸ In the long run, since losses due to risks *peculiar to an industry* balance the amount of the insurance, the second item, insurance against risk, does not form a real portion of profits. Interest on capital, however, must still be distinguished from wages and rent, and strictly speaking this net profit on stock is made up of two elements: a compensation for the sacrifice of immediate consumption; and insurance against the *general* risks of ultimate loss dependent upon such things as stability of political institutions. The real nature of profits is "compensation for abstinence,"⁹ and it varies accord-

7. Principles, pp. 138, 141, note, and 226.

8. Ibid., p. 158, and Quarterly Review (January, 1831), p. 20.

9. Quarterly Review (January, 1831), p. 18. The phrase "compensation for abstinence" came from Read. Scrope's treatment is superior.

ing to the demand for and supply of capital, which in turn depends upon "two principles in human nature continually in opposition," the desire to consume and the desire to save.¹ Saving triumphs where institutions are favorable. There may be a general glut temporarily with increases in saving, and still more likely a glut in particular branches of industry, but the "continual tendency to an equilibrium" between industries never ceases to operate.

He did not find himself in agreement with the orthodox inferences respecting changes in the rate of profits. A low general rate of profits is not (as the "economists" claimed) a reason for alarm. Economists of the Ricardian school were not content with the increase of capital as an explanation of the fall in profits, but insisted upon referring to the increased difficulty of getting food. They created the bugbear of "decreasing fertility of soils," and their attention was distracted from the main problem which concerned the productivity of capital. It was a question whether the decreasing cost of manufactures due to concentration balanced the increased cost of getting food, after allowing for improvements in transportation and abstracting from import duties.² In other respects he was dissatisfied with the practical consequences of their analysis of distribution. As Read had argued, it was an error to define wages as the "proportion of produce received" instead of the amount received, for it opened up all the confusions of the relation of wages and profits, and took attention away from the most important thing of all, productivity. Scrope emphasized productivity in spite of the fact that he thought it could be shown that wages "depend wholly on the proportion of the supply to the demand of the

1. Ibid., p. 21; and cf. Principles, p. 159.

2. Quarterly Review (January, 1831), pp. 22-26.

number of labourers, that is to the quantity of employment."³

Other writers in his day were critical of the currently accepted ideas; most of his novel thoughts were voiced by one or another of his contemporaries; but there is a ubiquity of interest and a sustained power of penetration in Scrope's work that justify us in singling him out among the neglected writers. His powers of generalization, coupled with his ability to see the difficulties in reasoning from the general to the particular, keep his writings, theoretical or practical, singularly free from rigidity and dogmatism. This is to be expected from one whose intellectual heritage was the English social philosophy of the second half of the eighteenth century. Not only did he see that generalizations must be grounded in experience, but also he never forgot that experience must be drawn upon in applying generalizations to particular cases. Against the tendency to forget this he issued his warning in criticizing the "economists." The so-called Historical School detected the same tendency, and made it the basis of their revolt. It testifies to the judgment of Scrope that he reacted more moderately, and did not dissent in general from the attempts to erect the principles which constituted the body of classical theory. He is worthy of a better fate than burial in the mass of fugitive economic literature of the nineteenth century.

3. Quarterly Review (January, 1831), pp. 31-32.

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BIBLIOGRAPHICAL APPENDIX

With the exception of *A Letter to the Landed Proprietors of Ireland, etc.* (1847), the pamphlets mentioned are either in the British Museum or the Cambridge University Library. The list which follows will serve to put on record the more

important of Scrope's numerous economic writings, — books, pamphlets, review articles, — anonymous or otherwise.

It will be seen that several articles in the Quarterly Review are listed. I was led to that source by Scrope's own casual reference (*Principles* [2d ed.], p. viii). Making due allowance for the editorial "we," it was easy to attribute a number of articles to him on the basis of internal evidence. The late Sir John Murray very kindly confirmed my identifications from his publisher's records, with the exception of the review of Jones. I think the notes in that review (pp. 81 and 97) referring to other articles by Scrope, together with the general tenor of the text, warrant assigning the Jones review to him. The case for attributing *Thoughts on the Currency* (1842), to Scrope is slighter. The name of Scrope's publisher on it first drew my attention to it, in a collection from the library of Lord Grey. In reading it I was compelled to think of it as Scrope's. However, I have not leaned upon it for any important view; nor have I taken any major doctrine from the Jones review that is not contained elsewhere.

It is interesting that Scrope was given an American audience, probably unknown to himself. The first ten chapters of the *Principles* (omitting the Preliminary Discourse) were substantially reprinted by A. Potter in his *Political Economy, its Objects, Uses, and Principles* (New York, 1863), with an acknowledgment to Scrope. In the German literature on the entrepreneur, the article in the Quarterly Review (January, 1831) has received considerable mention, but was not attributed to Scrope. Hermann (*Staatwirtschaftliche Untersuchungen*, 1832, p. 47, note) knew the article, and according to Mangoldt (*Die Lehre vom Unternehmensgewinn*, 1855, p. 11, note) it had been attributed to Senior at least as early as 1847 by Rau. This was questioned — on the basis of a derogatory reference to Senior — by J. Pierstorff (*Die Lehre vom Unternehmensgewinn*, 1875, p. 44, note), but no alternative author was suggested, and on the whole, subsequent writers agreed with Rau. I am indebted to Dr. Karl W. Bigelow of Harvard University for drawing my attention to the German literature and to the work of Potter.

136 QUARTERLY JOURNAL OF ECONOMICS

The Principles of Political Economy was translated into Italian by Professor F. Ferrara in 1890 (Biblioteca dell' Economista, I. serie, vol. viii).

1829 Plea for the Abolition of Slavery in England, as produced by an illegal abuse of the Poor Law, etc., pp. vi, 41.

1830 The Common Cause of the Landlord, Tenant and Labourer, pp. 15.

The Currency Question Freed from Mystery. (See Quarterly Review, March, 1830. I have been unable to obtain it.)

On Credit Currency and its Superiority to Coin, in support of a petition for the establishment of a cheap, safe and sufficient Circulating Medium. pp. vii, 81.

1831 A letter to the Magistrates of the South of England on the urgent necessity of putting a stop to the illegal practice of Making up Wages out of rates, to which alone is owing the misery and revolt of the agricultural peasantry. pp. 21.

A Second Letter to the Magistrates of the South of England, on the propriety of discontinuing the allowance system, the means for employing or disposing of the Excess Labour, and for diminishing the unequal pressure of the poor rates. pp. 51.

Extracts of Letters from poor persons who emigrated . . . to Canada and the United States. pp. 38.

Quarterly Review: January, "The Political Economists"; February, "Poor Law for Ireland"; April, "Malthus and Sadler on Population"; November, "Whately on Political Economy," and "Jones on the Doctrine of Rent."

1832 A plain Statement of the causes of and remedies for the prevailing distress. pp. 29.

Quarterly Review: January, "Senior's Letter on the Irish Poor"; July, "Rights of Industry and the Banking System"; October, "Dr. Chalmers on Political Economy"; December, "Amendments of the Poor Laws."

1833 An Examination of the Bank Charter Question, with an inquiry into the nature of a just standard of value, and suggestions for the improvement of our monetary system. pp. 77.

Plan of a Poor-Law for Ireland with a review of the arguments for and against it. pp. vii, 88.

Principles of Political Economy, etc. pp. xxiv, 457.

Quarterly Review: April, "Miss Martineau's Political Economy."

1835 Quarterly Review: December, "Foreign Poor Laws-Irish Poverty."

1837 Remarks on the Government Irish Poor-Law Bill. pp. 24.

A NEGLECTED ENGLISH ECONOMIST 137

1812 Thoughts on the Currency. pp. 62.

1813 Memoir of the Life of the Rt. Hon. Charles Lord Sydenham, G.C.B. with a narrative of his Administration in Canada. pp. xii, 498.

1814 Quarterly Review: December, "Poor Laws for Scotland."

1816 How is Ireland to be Governed? pp. iv, 66.

Letters to Lord John Russell on the Expediency of enlarging the Irish Poor Law to the full extent of the Poor Law in England. pp. 91.

1817 Remarks on the Irish Poor Relief Bill. pp. 32.

Extracts of Evidence . . . on the subject of Waste Lands Reclamation; with a prefatory letter to Lord John Russell. pp. xxi, 80.

Reply to the Speech of the Archbishop of Dublin . . . against the Poor Relief (Ireland) Bill. pp. 41.

Letters to Lord John Russell on the further measures required for the Social Amelioration of Ireland. pp. 63.

A Letter to the Landed Proprietors of Ireland, on the means of meeting the present crisis by measures of a permanent character. pp. 23.

1818 The Rights of Industry, or the Social Problem of the Day as exemplified in France, Ireland and Britain. pp. 41.

Plea for the Rights of Industry in Ireland. pp. 91.

Rights of Industry Part III. On the best form of relief to the Able Bodied Poor. pp. 22.

The Irish Relief Measures Past and Future. pp. v, 96.

1819 A Labour Rate: recommended in preference to any Reduction in the Area of Taxation, to improve the operation of the Irish Poor-Law. pp. 20.

The Irish Difficulty; and how it must be met. pp. 37.

The Irish Poor Law. How far has it failed? and Why? pp. 60.

Some Notes of a Tour in England Scotland and Ireland, made with a view to the inquiry whether our labouring population be really redundant? pp. 44.

Suggested Legislation with a view to the Improvement of the Dwellings of the Poor. pp. 21.

1850 Draft Report proposed to select committee of the House of Commons on the Kilrush Union. pp. 32.

1867 No Vote no Rate, or Household Suffrage made at once safe and popular. pp. 14.

1873 Political Economy for Plain People. Applied to the Past and Present State of Britain. pp. xxv, 353. (This was a second edition of the Principles of 1833. In the footnotes I have found it convenient to refer to it as Principles, 2d ed.)

1874 Remarks and Suggestions on the Report of the Commissioners on Friendly Societies.