

# A HISTORY OF POLITICAL ECONOMY

BY

JOHN KELLS INGRAM, LL.D.

FELLOW OF TRINITY COLLEGE, DUBLIN

NEW & ENLARGED EDITION

WITH A SUPPLEMENTARY CHAPTER BY

WILLIAM A. SCOTT, LL.D.

PROFESSOR OF POLITICAL ECONOMY, UNIVERSITY OF WISCONSIN

AND AN INTRODUCTION BY

RICHARD T. ELY, LL.D.

PROFESSOR OF POLITICAL ECONOMY, UNIVERSITY OF WISCONSIN

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# INTRODUCTION

By RICHARD T. ELY, LL.D.

PROFESSOR OF POLITICAL ECONOMY AT THE UNIVERSITY OF WISCONSIN

IN his own economic philosophy Dr. Ingram has given us certain principles which help us to assign to him his place in the history of economic thought. Dr. Ingram was first of all a follower of Auguste Comte, but as an economist he was most in sympathy with the German historical school, Roscher, Knies, Schmoller and others associated with them in Germany and elsewhere. So far as he differed with these men the difference may be said to be due primarily to the fact just mentioned, namely that first of all he was a follower of Comte and an adherent of the Religion of Humanity as enunciated by the Comtean Positivists. Perhaps the main guiding thread in Ingram's social and economic philosophy was the idea of evolution, which, more than seventy-five years ago, was stated by Comte as clearly as it has been since then. Now this idea of evolution means also the idea of relativity. Institutions must be judged in their proper setting of time and place, and men cannot be understood unless they are brought into connection with the life of their own country and their own age. We must judge Ingram then as an Irishman, born in 1823, whose main work in economics centres about the year 1880, belonging roughly to the decade 1875-1885.

Dr. Ingram first attracted in marked degree the attention of the economists of the world in 1878, when he delivered his address on *The Present Position and Prospects of Political Economy*. It was the introductory address delivered in the Section of Economic Science and Statistics

of the British Association for the Advancement of Science at its meeting in Dublin in 1878. Dr. Ingram was at that time President of the Statistical and Social Inquiry Society of Ireland, and was president of the Section of Economic Science and Statistics of the British Association. Dr. Ingram opens his address with a description of the position of political economy in England at that time, and no one can successfully challenge the correctness of the picture which he draws so far as the main outlines are concerned. It was generally admitted that political economy was at a low ebb in public esteem ; that scientific men also doubted its claims is indicated by the fact that its right to a position in the British Association for the Advancement of Science had been challenged. It was this challenge which led Dr. Ingram to examine the validity of the claims of political economy to a place in an Association which seeks to embrace all true sciences. A quarter of a century before, political economy commanded general confidence, and it was supposed by many that it was approaching finality so far as its leading doctrines were concerned. But in 1878 it had arrayed against it the opinion of the wage-earning classes and their spokesmen, and also it encountered the doubts of the general body of scientific men.

Dr. Ingram seeks an explanation of the unsatisfactory position of political economy, and also endeavours to point out remedies. Following his master, Comte, he finds an explanation of the apparent failure of political economy in its separation from other social sciences, and the remedy, he believes, is to be found in a treatment of political economy as one part of a general social science, in other words, sociology. But this sociology of which political economy should be only a chapter was to be an evolutionary sociology. One stage in the development of society follows another stage, and the doctrines appropriate to each stage must be a reflection of its life. Political economy had been far too absolute, its masters in England laying down doctrines which they or their followers regarded as applicable to all times and places. Free trade was correct, protectionism as

opposed to free trade was wrong, according to generally accepted views; whereas, according to the views of the historical school, it was impossible to say that either practice was correct or incorrect. The true policy had to be framed with reference to a particular country at a particular stage in its evolution. This furnishes simply one illustration.

As a necessary corollary of Ingram's general view of political economy, he held that one cause of error was to be found in its too abstract and deductive character. While he did not condemn the use of deduction, he held that to understand the economic world, we must, as Richard Jones earlier had said: "Look and see." We must study facts, past and present, and must be in the main inductive rather than deductive.

Ingram also found in political economy, as it had been presented, and as perhaps a necessary consequence of its method, "a certain dryness and hardness." Turning away from actual conditions, the political economists had lost sympathetic touch with the masses of men, and had come to be regarded as opposed to their aspirations.

It is difficult for the younger economists in 1915 to understand the actual conditions of 1878, but until they do understand these conditions they are not in a position to appreciate Ingram's great work. The new movement in economic thought had not begun in America at that time, and in England Dr. Ingram, with his friend and associate, T. E. Cliffe Leslie, was a pioneer. Leslie was born four years later than Ingram, was also an Irishman, and likewise the son of a clergyman of the Church of England. This movement of thought closely affiliated with the historical school, as it was called then, did not make itself felt in America until about five years later, when several young Americans who had carried on their studies in Germany had returned to their own country and were beginning to preach similar doctrines. A condition of things in America like that which existed in England was encountered. When one now reads the utterances of the American periodical press in the early eighties one is transported back into a strange

world. It was felt by younger economists, men twenty-five to thirty-five years younger than Ingram, that political economy, as it was then understood by its leaders, was opposed alike to scientific advancement and to humanitarian progress. It is now clearly enough seen that it was not so much the real doctrines of the great masters like Ricardo and Adam Smith which were the enemy as what we may call by the convenient, even if not elegant, terms, Smithianism and Ricardianism. Smaller men, the "epigones," had grouped about the great leaders certain hard teachings and drawn from their theories unwarranted conclusions. Scientifically the worst evil was that, to use Bagehot's apt phrase, a crust had been formed which impeded the advancement of economics.

The present writer was one of these young men, and was a student in Germany at the time Ingram delivered his address in 1878. He remembers very well the impression produced in Germany, an impression not unlike that which was produced later in America, where, however, there was a larger group of opponents than in Germany. It was felt that this address marked the beginning of a true progressive movement and signified a warmer and juster appreciation of the work which had been going on in Germany and in other countries. The translation of the work was suggested by Professor J. Conrad, of the University of Halle, who probably has had under his instruction more American economists than any other German professor. The translation of the Dublin address was published with an introduction by Dr. H. von Scheel in 1879. In the same year also a Danish translation was published in Copenhagen.

Attention should next be called to an address which Dr. Ingram delivered to the Trade Union Congress in Dublin in September 1880. The address was called *Work and the Workman*. In the bibliography of Dr. Ingram's writings, compiled by Mr. T. W. Lyster, Librarian of the National Library, Dublin, for The Library Association of Ireland, and printed in their magazine, the following brief statement concerning this address is made :

"A plea for the 'really human conception of labour.' Labour is not an independent entity separable from the personality of the workman, not a commodity like corn or cotton. The human agent, his human needs, human nature, and feelings are to be kept in view. Dr. Ingram develops the several deductions from this proposition—the workman should have (1) adequate wages, (2) a well-regulated home and family life (postulating *leisure*), (3) education; and sums up thus: 'What is really important for working men, is not that a few should rise out of their class—this sometimes rather injures the class, by depriving it of its more energetic members. The truly vital interest is that the whole class should rise in material comfort and security, and still more in intellectual and moral attainments.'"

The treatise on the *History of Political Economy* appeared in the ninth edition of the *Encyclopædia Britannica* in 1885 and, revised, was published in book form in 1888. But before it had been published in book form, the *Encyclopædia Britannica* article was printed separately in America for the use of economic students. This was done at the suggestion of Professor F. W. Taussig, of Harvard University. The book has been translated into most modern European languages and also into Japanese. Dr. Ingram then exercised a wide influence. Whatever critics may say, it is apparent that he had a message for the world at large.

In the United States Ingram was one of the forces producing what with some exaggeration was called "the new economics." We younger men generally felt that he was in the main working with us. He helped to set in motion forces which culminated in the formation of the American Economic Association in 1885, and this is the great Hegira in the history of economic thought in the United States. He was old enough in years to have been the father even of the older men engaged in the formation of this Association, but in spirit we felt that he was young with us. This association attracted world-wide attention, and led to the

formation of similar organizations in other countries. To it also is to be attributed in part the formation of the British Economic Association five years later.<sup>1</sup>

The American Economic Association fittingly recognized the services of Dr. Ingram by making him an honorary member in 1891. The present writer was then secretary of the American Economic Association, and it was a peculiar pleasure to announce to him the honour which had been conferred upon him. There is no doubt that Dr. Ingram greatly appreciated this recognition from his fellow-economists on the other side of the Atlantic.

Even in a brief sketch like this, it should be mentioned that Ingram wrote numerous articles on economic subjects and economists for the ninth edition of the *Encyclopædia Britannica*; especially important among these is the one on slavery, which was published in revised and enlarged form under the title *The History of Slavery and Serfdom*.

This is not the proper place for a biography of Dr. Ingram. The intention of the writer is simply to give an idea of the services of the distinguished author of the present treatise; and these introductory remarks have been necessary as a basis for an evaluation of Dr. Ingram's work as a political economist. Ingram broadened the scope of political economy. Whatever we may say about the proper scope of political economy, the fact remains that in England and in the United States and elsewhere it has been vastly broadened. The lines which were laid down as the boundary of economic inquiry seemed to many of us to be unnatural and to stop us precisely at those points where our inquiries were becoming really fruitful of results. When we were studying the labour question, housing reform, improved economic conditions, we were constantly being rebuked for having gone beyond the proper scope of political economy.

<sup>1</sup> For the facts in regard to the connection between the American Economic Association and the British Economic Association (now the Royal Economic Association), see the address entitled "The American Economic Association, 1885-1909, with Special Reference to its Origin and Early Development, a Historical Sketch," by R. T. Ely, reprinted from the Papers and Proceedings of the Twenty-Second Annual Meeting of the American Economic Association.



We now are able to carry on our inquiries freely without the artificial limits which seemed formerly to impede us, and for this we must give a large measure of credit to Dr. Ingram as a pioneer in broadening the scope of our science.

It would take us too far afield to inquire into the present views of economists concerning the true limits of economic inquiry. It may be said that political economy is freely recognized as a social science, while on the other hand it has to be admitted that modern economists have not followed Dr. Ingram's suggestion that political economy should be made simply one division of sociology. The tendency of even progressive thought has in recent years been in the direction of a separation of sociology from political economy, each science finding a field of its own, while at the same time economic inquiries have been broadened out by the social spirit. The connection of economics with ethics and other social sciences is recognized, but it is given a separate field. We are reminded of what Adam Smith said: "If the twig is bent too much in one direction, to straighten it it is necessary to bend it as much in the other."

Ingram was a leader among a group of men who have been successful in introducing humanitarianism into political economy. No attempt can be made here and now to apportion credit among those who belong to this group, but for England and America no inconsiderable proportion of it belongs to Dr. Ingram. He did his man's part. The measure of success achieved is brought out clearly in Marshall's *Principles of Economics*, Bk. I, chap. i, where economics is described as a study of wealth and a branch of the study of man, and where it is stated that "the question whether poverty is necessary gives its highest interest to economics."

Ingram was one of the founders of the Statistical and Social Inquiry Society of Ireland. As such he wished to encourage the use of statistics to promote social reform. He may be credited with a real service in enlarging the

interest in statistical inquiry and in promoting the study of statistics in England and America.

Ingram also exercised an influence which was encouraging to those who were inclined to pursue studies in the field of economic history. Economic history has engaged the attention of many able economists in England and in America during the past generation, and Dr. Ingram has helped to create for them a favourable social environment.

Dr. Ingram was a man of vast learning, and attained a recognized position in many different fields of work. He was an able mathematician and a fine philologist. He wrote on Shakespeare and Tennyson, and was himself a poet of distinction, some of his sonnets in particular, receiving very high praise on the part of competent judges. He wrote various philological papers and in 1866 was appointed Regius professor of Greek in Dublin. It would prolong unduly this introduction to enumerate all the various positions which he held and to give a list of his writings in the many different fields of his intellectual activity. Several of his associates after his death said that he was probably the most learned man in the world.

This all suggests that Dr. Ingram was a scholar of the old type rather than a modern specialist. His *History of Political Economy*, while perhaps his best known and most important work, was one among many productions, and political economy was one among his many intellectual interests. Nor was political economy his main interest. His main interest was religion. The Religion of Humanity as founded by Auguste Comte and developed by the Positivists. This is not the place in which to enter into any religious discussions, but it must be said that economists generally feel that Dr. Ingram's interest in the Religion of Humanity had an unfortunate influence upon his economic work. Instead of taking Auguste Comte's sociology as a beginning from which to develop independently, he made Auguste Comte his goal. The teachings of Comte had thus on the whole an influence which tended to set certain

limits to the development of Dr. Ingram's economic philosophy. It will probably then generally be agreed that Comte's influence on Ingram was not scientifically a good one.

After all, the chief animating motive in Ingram's life was his enthusiasm of humanity. His passion was the general welfare. While his natural reserve was such as to make him seem possibly a little cold to those meeting him, we know how deep his affection was for the members of his immediate family, and we know also that his love reached beyond his family circle to his country and to all men. He was a sufficiently deep philosophical thinker to perceive that religion is an indispensable condition of human well-being, but he did not find what satisfied him in the traditional religions, and he embraced eagerly Comte's Religion of Humanity, because to his mind it was what its title indicated. He believed in its philosophy, and he believed that it had force to move men. Ingram's activity in all the societies with which he was connected shows that his desire to promote human welfare was with him the chief consideration, and that science with him did not embrace an end in itself, but was simply regarded as a means to promote human welfare.

The circumstances of Dr. Ingram's life, as well as his own qualities, were such as to stand in the way of that kind of leadership which might have resulted in the formation of a school of thought. The professional economists in England are few, and in Dr. Ingram's time they were still fewer. He was separated by years from the younger group of workers in economics with whom he would naturally sympathise. He also was modest and retiring, and lacked that self-assertion which is generally found in leaders. If he had been associated in a great modern university with a group of young economists, his work might have received further development in connection with his own name. Yet it may be questioned whether he would have done a greater work. His influence may not count for less because it is widely diffused and often almost invisible. He contributed

to the general stream of economic thought and humanitarian progress, and that is doubtless what he would have wished for himself.

It may be even yet too early to assign Dr. Ingram his final position, but that he has a firm place in the history of modern economic thought cannot be doubted. Modern political economy owes him a debt of gratitude. To many English economists he may have seemed like a rebel, and there were, and perhaps are, those who might feel that he attacked too severely the leaders of English economic thought. In some directions he may have gone too far; but he was engaged in a struggle, and to those looking upon this struggle from a considerable distance of time and place, it seems that the struggle was a necessary one. Also, he helped to advance economics by bringing the economic thought of England out of a certain unfortunate narrowness and isolation. The economists of the world are now working together more closely and helpfully than ever before. Ingram occupies a not inconspicuous position among those helping to bring about this world-wide co-operation.

Perhaps it also may be said that Ingram in attacking Smithianism and Ricardianism—and in particular Ricardianism—has helped to give the world the true Adam Smith and the true Ricardo. Economists have now been able to separate the great English writers from the myths which have been associated with their names.

Even yet the Ricardo myth exercises here and there an influence which is a real obstacle in the way of reform. A curious illustration of this was furnished by the hearings before the Committee of the House of Commons on enclosures in 1913 when the question under discussion was the order for the enclosure of the Elmstone-Hardwicke open arable fields near Cheltenham in Gloucestershire. Very satisfactory arrangements had been made for the enclosure and every farmer concerned was eager to have the enclosure made. The present writer knows from personal conversation that apparently there was no difference of opinion among them. The conditions were such as to discourage

all good farming, and every farmer knew that enclosure would benefit him. Yet Ricardianism showed itself in the Committee as an obstacle to enclosure. Again and again the question was put, "Would not the enclosure simply raise the value of land, and consequently the rent which the farmers would have to pay?" The idea was that if the economic rent was to be raised, the landowner and not the tenant would get the benefit of the enclosure. The truth was, however, that under actual conditions the rent to be paid by the farmers would not be raised in proportion to the increase in the economic rent. In fact, under actual English conditions there was even reason to believe that the farmers and not the landowners would be the first to receive the benefits resulting from improved agricultural conditions, following upon enclosure. Now there is nothing contrary to the teaching of Ricardo in all this, but certain forces which he neglected to consider were also overlooked in the committee hearing. Ingram has helped to make modern political economy in England and elsewhere more realistic. While the Ricardo myth is not so forceful an evil now as when Ingram gave his address in 1878, it still persists here and there.

In this connection it is interesting to read Dr. Ingram's characterisation of "the new school of economics." Under the four heads he discussed its characteristics as follows :

" I. As to the place of Economics in the general system of the Sciences, it holds that the study of wealth cannot be isolated, except temporarily and provisionally, from the other social phenomena ; that it is essential to keep in view the connections and interactions of the several sides of human life. There is, in fact, properly speaking, but one great Science of Sociology, of which Economics forms a single chapter which must be kept in close relation to the others.

" II. It has shown that Economic science, like Sociology in general, must be—to employ the useful terminology of Comte—not *statical* only, but also *dynamical*. It must not

assume one fixed state of society, and suppose that it has to deal only with laws of co-existence, ignoring those of succession. It is now universally acknowledged that societies are subject to a process of development, which is itself not arbitrary, but regular; and that no social fact can be really understood apart from its history. Hence the 'pocket formulas,' in favour with the older school, which were supposed to suit all cases and solve all problems, have lost the esteem they once enjoyed, and Economics has become *historical* in its method, the several stages of social evolution being recognized as having different features, and requiring in practice a modifying intervention which ought to vary from one stage to another.

" III. Whilst recognizing the real, and not inconsiderable, place which belongs to Deduction in Economics, as in other Sociological studies, it holds that inductive research must preponderate. Instead of constructing an abstract 'Economic man,' and deducing from one or two principles of action by which alone he is supposed to be actuated all the Economic phenomena of Society, we must, as in the other positive sciences, ascertain what the social facts are, and, only after this inquiry has been completed, endeavour to trace them to their sources in the constitution of the external world, in human nature, and in the contemporary circumstances of Society. And a most valuable organ of research must be that specialised form of Induction known as Comparison, which is best adapted to the study of 'historic filiation.'

" IV. With these intellectual movements have been combined new tendencies in sentiment and moral tone. There has been what Professor Gide, the ablest representative of the new School in France, has well described as *un grand dégel*—'a great thaw.' A more humane and genial spirit has taken the place of the old dryness and hardness which once repelled so many of the best minds from the study of Economics, and won for it the name of 'the dismal science.' In particular, the problem of the Proletariate, of the condition and future of the working classes—has taken a

powerful hold on the feelings, as well as the intellect, of Society, and is studied in a more earnest and sympathetic spirit than at any former time.”<sup>1</sup>

It is hoped and believed that the present revised edition of Ingram's *History of Political Economy* brought down to date by the additional chapter written by Professor William A. Scott, will continue and enlarge Dr. Ingram's great work. It renews our sense of obligation to this leader who fought the good fight. New generations of students will find in this work instruction and inspiration.

RICHARD T. ELY.

UNIVERSITY OF WISCONSIN, MADISON,  
July 1915.

<sup>1</sup> See Ingram's Preface to the *Introduction to the Study of Political Economy*, by R. T. Ely, pp. 4-6.

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# A HISTORY OF POLITICAL ECONOMY

## CHAPTER I

### INTRODUCTORY

IN the present condition of Political Economy, the production of new dogmatic treatises on the subject does not appear to be opportune. There are many works, accessible to every one, in which, with more or less of variation in details, what is known as the "orthodox" or "classical" system is expounded. But there exists in England and other countries widespread dissatisfaction with that system, and much difference of opinion with respect both to the method and the doctrines of Economic Science. There is, in fact, good reason to believe that this department of social theory has entered on a transition stage, and is destined ere long to undergo a considerable transformation. But the new body of thought which will replace, or at least profoundly modify, the old, has not yet been fully elaborated. The attitude of mind which these circumstances seem to prescribe is that of pause and retrospection. It is thought that our position will be rendered clearer and our further progress facilitated by tracing historically, and from a general point of view, the course of speculation regarding economic phenomena, and contemplating the successive forms of opinion concerning them in relation to the periods at which they were respectively evolved. And this is the task undertaken in the following pages.

Such a study is in harmony with the best intellectual tendencies of our age, which is, more than anything else,