

**THE PREMISES OF POLITICAL
ECONOMY; BEING A RE-
EXAMINATION OF CERTAIN
FUNDAMENTAL PRINCIPLES OF
ECONOMICS SCIENCE; PP.1-243**

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The Premises of Political Economy; Being a Re-Examination of Certain Fundamental Principles of Economics Science; pp.1-243 by Simon Nelson Patten

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PREMISES OF POLITICAL ECONOMY;

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RE-EXAMINATION OF CERTAIN FUNDAMENTAL PRINCIPLES

OF

ECONOMIC SCIENCE.

BY

SIMON N. PATTEN, PH.D. (HALLE).

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1885.

Dedication.

TO HIS

TEACHER AND FRIEND,

DR. JOHANNES CONRAD,

PROFESSOR IN THE UNIVERSITY OF HALLE,

TO WHOSE KIND ENCOURAGEMENT AND INSPIRING EXAMPLE HIS MANY
STUDENTS OWE SO MUCH,

THIS LITTLE WORK

IS GRATEFULLY DEDICATED BY

THE AUTHOR.

received 15 11 26 I.P.

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INTRODUCTION.

THE Science of Economics has had a historical development. At first some of its important truths were dimly perceived, then a theory was formulated, new doctrines from time to time were added, the old doctrines gradually became better known and understood, and errors have been gradually detected and discarded. As a result of this development the doctrines of the science have been formulated in a very objectionable manner, and economic truths have lacked symmetry, the newer doctrines not having been applied to all parts of the science, while old errors, though driven from their strongholds, still lurk in many unsuspected corners. These considerations make a return to the discussion of first principles necessary, and this I take up the more readily because of a conviction that they are not correctly apprehended in the current economic literature.

Since the time of Ricardo the discussion of first principles has been very one-sided, the ultimate premises used by him having been accepted by most subse-

quent writers. It is true that many economists have rejected the premises of Ricardo, but having done this on other than purely economic grounds, they have had little or no effect on the development of the science. It is my purpose in the following discussion to contest from strictly economic grounds the validity of several fundamental propositions laid down by Ricardo and other writers of the same school.

A word of explanation is necessary to prevent an erroneous conception of my purpose. I do not call in question those ultimate facts concerning the physical conditions of external nature of which Ricardo makes so much use, and on which deductive Economics is at present based, but shall endeavor, by the use of other facts equally ultimate in their nature, to prove that many of the leading doctrines now accepted by most economists must be discarded, to give place to other doctrines more in harmony with the real phenomena.

An illustration from natural science will make clear what I have in view. The motion of the earth around the sun is the result of two separate forces, either of which operating alone would produce a far different result. If gravitation were the only operating force, the earth would fall into the sun, but if the first law of motion alone prevailed, the earth would fly away into empty space. If only one of these forces, as gravitation, were known, men would predict the de-

struction of the earth by fire as a fact of the near future, and those who denied this, as inconsistent with the kindly purposes of Providence or what not, would be regarded as unscientific, and derided for bringing in other than physical causes to account for the phenomena of nature.

The justice of these charges would entirely depend upon the method pursued by the objectors. If they denied the law of gravitation, the charge would be just; but if they sought to demonstrate the existence of natural laws that counteracted gravitation, and thus to prove false the conclusions based on the assumption that gravitation were the only operating force, then they would be pursuing a proper course of investigation, and could not justly be stigmatized as unscientific.

The present Science of Economics is as imperfect as Astronomy would be if one of the laws of motion were unknown. In each department of Economics all the deductions are based on some one ultimate fact, and the conclusions arrived at are true only on condition that no other ultimate facts exist which influence the phenomena under investigation. The law of rent is usually discussed as though differences of soil were the sole cause of rent, and the law of population only considers the difference between the possible rates of increase of population and food, while free trade and the effects of free competition are discussed from an equally

narrow stand-point. It is plain that such discussions are of a very limited value, if many ultimate facts, or even any, are overlooked, and it is my purpose to point out these neglected facts, and to place them in proper relation to those facts at present so much used in deductive Economics.

The increase in the price of food accompanying the advance of civilization, is the main point which economic theories have to explain. Is the increased price the result of a single cause, or does it arise from a combination of various causes, and are these causes of a physical or of a social nature? The well-known answer of Ricardo is that there is a single physical cause,—the various degrees of fertility which different lands possess. The best lands are limited in quantity, and as the demand for food increases less fertile lands, having a higher cost of cultivation, must be brought into use, and hence the price of food must rise when more food is required for an increasing population. Ricardo gives this answer in his explanation of rent, and Malthus adopts the same view in discussing the law of population, by assuming that the means of subsistence are exhausted, or nearly so, because the price of food is high. It is no wonder that so simple and apparently self-evident an explanation has found ready acceptance, and one theory of rent having been presented, no one took the trouble to investigate whether