

ELEMENTS
OF
POLITICAL ECONOMY

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THE ELEMENTS OF
POLITICAL ECONOMY

WITH SOME APPLICATIONS TO
QUESTIONS OF THE DAY

BY
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REVISED EDITION

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TO
HENRY ADAMS
PRECEPTOR AND FRIEND
A
TRIBUTE OF GRATITUDE

PREFACE.

THE public questions of our day in the United States are deeply affected by economic considerations, and yet the training of mind adequate for an intelligent decision upon economic problems has been very slight. No one who looks into the future can escape the conviction that our national prosperity will depend in no slight degree upon the diffusion of satisfactory economic and political education. There is good reason to suppose that public questions and the economic principles which underlie them can, if properly presented, be understood by the average American youth, whose education is restricted to the high-school or the academy, and it is the youth of the present who are to give direction to our national policy.

This book addresses itself to the task of presenting in a plain and simple form the elementary principles of political economy. The main topics are treated; the fundamental principles are emphasized; but no effort is made to produce a de-

tailed and exhaustive treatise. A pupil will not become an economist by studying this book alone. An attempt has been made, however, to present the different branches of the subject in their just proportion and symmetry, so far as the limits of the volume permit.

It has seemed to be an important part of an elementary treatise on economics to make applications of principles to the leading questions of the day. For this reason such topics as Socialism, Taxation, the National Debt, Free Trade and Protection, Bimetallism, United States Notes, Banking, the National Banking System, the Labor Problem, and Co-operation, have been treated in a brief and simple manner in Part II.

With the assumption that Political Economy is inhuman and pitiless, the reader will find no sympathy in these pages, because such a belief is founded on an inadequate understanding of what the principles of a science really are, and principles can not be regarded as having personal qualities. On the contrary, it seems clear that the fundamental principles of economics are, when ultimately analyzed, but expressions of Christian truth. With this conviction, the "labor problem" has been here treated, not as a question to be settled by legislation, but as one to be met by all the forces which make for Christian character and self-mastery.

Teachers may use the book for a long or a short course. When there is time for no more than, perhaps, twenty-five lessons, Part I will be sufficient, as it completes the study of the principles. If a greater number of lessons is desired, selections may be made from the practical portions of Part II. A still more extensive course is possible. The outline here presented may be completed by collateral reading from some of the books mentioned in the reference list.

The questions and problems at the end of each chapter in Part I are intended to stimulate the pupil to think out applications of principles. These questions are not provided in Part II, because its chapters are in themselves applications of principles.

PREFACE TO THE REVISED EDITION.

The present edition is intended to bring the book, both as regards theory and practical data, up to date. The experience of the years since this volume first appeared strengthens the belief that the general principles of political economy can be successfully taught to high school classes. The accomplishment of this purpose requires a statement of the principles so succinct that it will not pass beyond the space allotted to it in an over-crowded curriculum. The temptation

to add more matter has been great; but it has been yielded to only so far as to introduce a discussion of the law of satiety, final utility, and its relationship to expenses of production in the theory of value; an explanation of the industrial system wherein the time element has created a different organization from that of primitive society; an adjustment of consumption to the general economic principles; an enlarged statement of the development of division of labor; and a brief discussion of large production and so-called "trusts."

The clear exposition of a body of principles has always been kept in view, in the hope that the teacher could add the local data which would illustrate each principle as it is taken up. To crowd the chapters of the first part with historical and descriptive matter would, in my judgment, confuse the student, and lead to cramming. As much space as possible, therefore, has been allowed to the work of training in the principles rather than to imparting merely useful information.

J. L. L.

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The United States Bureau of Statistics issues quarterly statements; and annually a report on "Commerce and Navigation," and another on the "Internal Commerce of the United States."

The "Statistical Abstract" is an annual publication, by the same department, compact and useful. It dates only from 1878.

The Director of the Mint issues an annual report dealing with the precious metals and the circulation. Its tables are important.

The Comptroller of the Currency (especially during the administration of J. J. Knox) has given important annual reports upon the banking systems of the United States.

The reports of the Secretary of the Treasury deal with the general finances of the United States. These, with the two last mentioned, are bound together in the volume of "Finance Reports," but often shorn of their tables.

There are valuable special reports to Congress of commissioners on the tariff, shipping, and other subjects, published by the Government.

The report on the "International Monetary Conference of 1878" and the "Report of the Monetary Commission" (1898, H. H. Hanna, Indianapolis) contain a vast quantity of material on monetary questions.

The British parliamentary documents contain several annual "Statistical Abstracts" of the greatest value, of which the one relating to other European states is peculiarly convenient and useful. These can always be purchased at given prices.

A. R. Spofford's "American Almanac" is an annual of great usefulness.

A useful catalogue of Government publications, entitled "United States Publications," is issued by W. H. Lowdermilk & Co., Washington.

PART I.

PRINCIPLES OF POLITICAL ECONOMY.