

DICTIONARY OF POLITICAL ECONOMY

ABATEMENT—ABOLITIONIST

ABATEMENT or **REBATE**. A deduction, drawback, or decrease made. A proportionate reduction of a payment allowed for special reasons—e.g. for prompt payment. E. S.

ABBOT, CHARLES, afterwards Lord Colchester (born 1757, died 1829), entered parliament in 1795, and became chairman of Pitt's finance committee 1797. He carried in 1800 a bill for charging public paymasters with the payment of interest on sums in hand. He was also the initiator of the commission of inquiry into the public records in the same year. But perhaps his chief title to fame is his introduction, in 1800, of the motion for a complete census of Great Britain. In spite of some opposition the Population Act, as it was called, was duly passed, and its provisions carried into force in the next year (see **CENSUS**). As speaker (elected 1802) he gave his casting vote against Lord Melville in 1805. On his retirement from the House of Commons in 1817 he was made a peer, and received a pension of £4000 a year. He devoted his later years to foreign travel, and to the improvement of roads in the Scottish highlands. J. B.

ABEILLE, LOUIS PAUL (born 1719, died 1807), became secretary of the Agricultural Society of Brittany, established through GOURNAY's influence in 1757. He was an ardent physiocrat, and argued (1763) for free trade in corn, along with QUESNAY, MORELLET, and the elder MIRABEAU. Writing later on the same subject (1768) he fell into the fallacy that high corn prices make high wages. DUPONT speaks of his style as "cold and heavy" but "clear." He wrote occasionally in the *Journal d'Agriculture* of Paris, when Dupont became its editor in 1765; but he seems never to have been on very good terms with that economist. When he was chosen inspector-general of manufactures (1768) his ardour seems to have cooled down, and he is not to be reckoned among the few who upheld the physiocratic cause after Turgot's death in 1781. His writings include (besides the *Corps d'Observations* of the Breton Agricultural Society) the following:—

Lettre d'un négociant sur la nature du commerce des Grains, Paris, 1763.—*Réflexions sur la police des Grains en Angleterre et en France*, Paris, 1764.—*Effets d'un privilège exclusif sur les droits de propriété*, Paris, 1764.—*Principes sur la liberté du commerce des Grains*, Paris, 1768.—*Faits qui ont influé sur la cherté des Grains en France et en Angleterre*, Paris, 1768.—*Mémoire présenté par la Société Royale d'Agriculture sur l'usage des domaines congéables*, Paris, 1791.—*Mémoire en faveur d'Argant*, the inventor of the "Argand" lamp, Geneva, 1785.—*Mémoire à consulter (on the subject of the French East India Company)*, Paris, 1768.—[See Schelle's *Dupont de Nemours et l'école Physiocratique* (1888) *passim*, Daire's *Physiocrates*, 1846 (e.g. p. 38).] J. B.

ABOLITIONIST. A term applied specially to the social reformers headed by Thomas CLARKSON, who advocated and carried the abolition of the slave-trade in the British dominions; and applied generally to all who have aimed at abolishing either the trade in slaves or the institution of **SLAVERY**, whether in the British dominions or elsewhere.

The causes which contributed to abolition in the first sense are arranged by Clarkson (*q.v.*), the historian of the movement, in four divisions, quaintly illustrated by four confluent streams (*History of the Abolition of Slave-Trade*, 1808, p. 259). The four classes of abolitionists may be summarily described as (1) miscellaneous, mostly literary (Pope, Thomson, etc.); (2) Quakers in England; (3) Quakers in America; (4) Clarkson himself, with his fellow-workers. In 1787 the first committee for the abolition of this trade was formed by Clarkson and his associates. At first their efforts were devoted to the abolition only of the trade in slaves, as the abolition of slavery itself seemed hopeless. In 1789 Wilberforce introduced a measure into parliament, founded upon Clarkson's materials, but it was not till 1807 that the bill for the abolition of the slave-trade passed the House of Commons, and not till 1833 that British colonial slavery was abolished by act of parliament. The abolition of slavery in the British dominions gave prominence to two points of economic interest—the inefficiency

of slave labour, and the right to compensation in case of expropriation, even when the kind of property has received the most severe public moral condemnation.

The movement towards liberty, initiated by England, has been continued by most of the continental nations at varying rates down to the present time. Denmark, indeed, has the honour of anticipating the action of England. In 1792 it was ordered that slave-trade should cease in Danish dominions after 1802. In the United States the movement in favour of abolition is coeval with the union. Before the end of last century, or early in the beginning of the present one, slavery was abolished in many of the original states. The admission of new states has more than once raised the question, within what limits should slavery be tolerated? Thus, on the admission of Missouri, the boundaries within which slavery was permitted or prohibited were carefully defined by the "Missouri compromise" (1820). That arrangement was at a later period (in the case of Dred Scott, 1856-57) interpreted unfavourably to the cause of abolition. The indignation of abolitionists was roused by the cruel administration of the fugitive slave law and other iniquities. Slavery was a cause, and abolition a result, of the Civil War 1861-65.

The economic questions connected with American slavery have been well treated by CAIRNES in his work on the *Slave Power* (see SLAVERY). See also, with reference to America, H. GREELEY, *The American Conflict*, 1865. Clarkson published in 1808 a *History of the Abolition of the Slave-Trade* (2 vols.).

J. S. N.

ABOUT, EDMOND (member of the *Académie Française*), born at Dieuze (Lorraine), 1828, died at Paris, 1885. It was especially as a novelist that About made his reputation, and it is to be regretted that politics, after 1871, reduced this inimitable romance writer, who had produced such works as the *Roi des Montagnes* and the *Mariages de Paris*, to the position of a mere editor of a journal (the *XIX. Siècle*). The works which should be noticed in this place were written between the purely literary period and the more militant period of About's animated life. In *Maitre Pierre* (1858) and the *Lettres d'un bon jeune homme* (1860) About, as a passionate admirer of the wonders of human industry, and the conscientious defender of the principles of *laissez faire laissez passer*, still writes as a novelist and a storyteller. But genuine didactic works followed. We may cite *le Progrès* (1864) and *l'A B C du travailleur* (1868), *l'Assurance* (1865) and *le Capital pour tous* (1869). In these last-named works the author limits himself to setting forth the principles which others had formulated before him, while he denounces certain errors of interpretation. Though About may be described

as only a *populariser*, he yet deserves consideration from the students of economic science, to which, for ten years, he devoted all the resources of his humour, imagination, and incomparable style.

A. D. F.

ABRASION. The abrasion or loss by wear and tear of the coins in use is an important factor in the cost of a metallic circulation. This differs between one country and another according to the hardness of the coin which results from the description of ALLOY employed, to the surface of the coin exposed to wear in proportion to its bulk, to the greater or less employment of coin in circulation. At the present time the wear of the principal gold coin of the British empire (SOVEREIGN) is very considerable. The investigation set on foot by JEVONS in 1868 shows that the sovereign in ordinary use loses on an average .043 of a grain annually. In other words, the wear and tear of an English sovereign appears to be at the rate of $\frac{1}{23000}$ parts, or something less than one-tenth of a penny per annum (J. B. Martin, "Media of Exchange," *Journal of Statistical Society*, 1884, p. 489). The standard weight is 123.274 grains, and the lowest weight of legal currency 122.5 grains, so that the sovereign loses the .774 grains, which reduces it below legal tender, on an average in about 15.7 years. In the case of the HALF-SOVEREIGN, the difference between standard weight and the lowest current weight is .512 grains; and as the yearly loss of the half-sovereign averages .069 grains, these coins are reduced below legal tender weight generally in the short period of seven and a half years. The wear of the English coinage cannot, however, be taken as the criterion of the wear of all coinages everywhere, as varying rapidity of circulation, use of small paper representatives of money, etc., cause great differences between one country and another. The estimates of the actual amount differ very greatly from each other; one made by JACOB, which includes the wear both of gold and silver coins, is of "one part in three hundred and sixty annually" (Jacob on the *Precious Metals*, vol. ii. p. 186).

[For detailed information see *An Historical Inquiry into the Production and Consumption of the Precious Metals*, W. Jacob, London, 1831 (2 vols.)—"Paper on the Condition of the Gold Coinage of the United Kingdom," W. S. Jevons, *Journal of the Statistical Society of London*, reprinted with much similar information in Jevons's *Investigations in Currency and Finance*.—See also paper by John B. Martin, "Our Gold Coinage," *Journal of the Institute of Bankers*, June 1882.—Paper by R. H. Inglis Palgrave, "The Deficiency in Weight of our Gold Coinage, with a Proposal for its Reform," March 1883; "The Gold Coinage," December 1884 (both in *Journal, Institute of Bankers*).—*Reports of Deputy Master of Mint*, particularly those for 1883, 1884, 1885, and *passim*,—and *Evidence and Reports Royal Commission on Recent Changes in the Relative Values of the Precious Metals*, which

includes a translation of A. Soetbeer's *Materials for the Illustration and Criticism of the Economic Relations of the Precious Metals, and of the Currency Question. — Evidence and Reports Royal Commission on Depression of Trade and Industry*, 1886.]

ABROAD. See JURISDICTION.

ABSENTEE. An absentee may be variously defined (1) as a landed proprietor who resides away from his estate, or (2) from his country; or more generally (3) any unproductive consumer who lives out of the country from which he derives his income.

Examples of these species are (1) a seigneur under the *ancien régime* living in Paris at a distance from his estates; (2) an Irish landlord resident abroad; (3) an Anglo-Indian ex-official resident in England and drawing a pension from India. In writing briefly on the evils of absenteeism it is difficult to use general terms appropriate to all the definitions; but considerations primarily relating to some one definition may easily be adapted to another by the reader.

It is useful to consider separately the effects of the absentee proprietor's consumption upon the wealth of his countrymen; and the moral, as well as economical effects of other circumstances.

I. The more abstract question turns upon the fact that the income of an absentee is mostly remitted by means of exports. "The tribute, subsidy, or remittance is always in goods . . . unless the country possesses mines of the precious metals" (Mill). So far as the proprietor, if resident at home, would consume foreign produce, his absence, not increasing exports, does not affect local industry. So far as the proprietor's absence causes manufactures to be exported, his countrymen are not prejudiced. For they may have as profitable employment in manufacturing those exports as, if the proprietor had resided at home, they would have had in supplying manufactured commodities or services for his use. But if the proprietor by his absence causes raw materials to be exported, while if present he would have used native manufactures and services, his absence tends to deprive his countrymen of employment, to diminish their prosperity, and perhaps their numbers. This reasoning is based on SENIOR's *Lectures on the Rate of Wages* (Lecture II.), and *Political Economy* (pp. 155-161). Senior's position is in a just mean between two extremes, — the popular fallacy and the paradox of M'CULLOCH. On the one hand it is asserted that between the payment of a debt to an absentee and a resident there is the same difference as between the payment and non-payment of a tribute to a foreign country. On the other hand it is denied that there is any difference at all. The grosser form of the vulgar error, the conception that the income of the absentee is drawn from the tributary country in specie,

is exemplified in Thomas PRIOR's *List of Absentees* (1829). M'Culloch's arguments are stated in the essay on "Absenteeism" in his *Treatises and Essays on Money*, etc., and in the evidence given by him before some of the parliamentary commissions which are referred to below. Asked "Do you see any difference between raw produce and manufactured goods," M'Culloch replies, "I do not think it makes any difference" (compare *Treatises and Essays*, p. 232). He appeals to observation, and finds that the tenants of absentee landlords are "subjected to less fleecing and extortion than those of residents."

J. S. MILL attributes to absenteeism a tendency to lower the level of prices in the country from which the absentee draws an income; with the consequence that the inhabitants of that country obtain their imports at an increased cost of effort and sacrifice (*Unsettled Questions*, essay i. p. 43). Mill's meaning may be made clearer by a study of the rest of the essay which has been cited, and of the parallel passage in his *Political Economy* (bk. v. ch. iv. § 6), where he argues that an inequality between exports and imports results in an "efflux of money" from one country to another.

Upon less distinct grounds QUESNAY connects absenteeism with a development of trade and industry in an unhealthy direction (*Euvres*, éd. Oncken, p. 189). Among recondite considerations which may bear on the subject should be mentioned CANTILLON's theory concerning the effect of the consumption of the rich on the growth of population (*Essai*, pt. i. ch. xv.)

II. Other economical advantages lost by absenteeism are those which spring from the interest which a resident is apt to take in the things and persons about him. Thus he may be prompted to invest capital in local improvements, or to act as an employer of workmen. "It is not the simple amount of the rental being remitted to another country," says ARTHUR YOUNG, "but the damp on all sorts of improvements." D'ARGENSON in his *Considérations sur le gouvernement ancien et présent de la France* (1765, p. 183), attributes great importance to the master's eye.

The good feeling which is apt to grow up between a resident landlord and his tenantry has material as well as moral results, which are generally beneficial. The absentee is less likely to take account of circumstances (e.g. tenant's improvements), which render rack-renting unjust. He is less likely to make allowance for calamities which render punctual payment difficult. "Miseries of which he can see nothing, and probably hear as little of, can make no impression," A. YOUNG. He is glad to get rid of responsibility by dealing with a "middleman," or intermediate tenant—an additional wheel in the machinery of exaction, calculated to grind relentlessly those placed underneath it. Without the softening influence

of personal communication between the owner and the cultivator of the soil, the "cash nexus" is liable to be strained beyond the limit of human patience, and to burst violently. There can be little doubt but that absenteeism has been one potent cause of the misery and disturbances in Ireland. The same cause has produced like effects in cases widely different in other respects. The cruellest oppressors of the French peasantry before the Revolution were the *fermiers*, who purchased for an annual sum the right to collect the dues of absentee seigneurs. The violence of the GRANGER Railway legislation in the western states of America is attributed to the fact that the shareholders damnified were absentee proprietors (Seligman, *Journal of Political Science*, 1888).

There are also the moral advantages due to the influence and example of a cultivated upper class. The extent of this benefit will vary according to the character of the proprietors and the people. In some cases it may be, as Adam SMITH says, that "the inhabitants of a large village, after having made considerable progress in manufactures, have become idle in consequence of a great lord having taken up his residence in their neighbourhood." The opposite view, presented by Miss EDGEWORTH in her *Absentee*, may be true in other states of civilisation. Perhaps the safest generalisation is that made by Senior that "in general the presence of men of large fortune is morally detrimental, and that of men of moderate fortune morally beneficial, to their immediate neighbourhood."

[The references cited below are to be added to those which have been already made. They fall under two heads: (a) the unfortunately large class relating specially to Ireland, and (b) Miscellaneous. (a) The Act 3 Richard II. and 28 Henry VIII., inflicting on absentees forfeiture of two-thirds of the yearly profits from their lands. These and other acts relating to absentees are cited in *Tracts and Treatises Illustrative of . . . Ireland* (reprinted by Thom), 1840. The index to this work, under the heading "Absentees" gives some other useful references. SWIFT, *Seventh Drapier's Letter* (vol. vii. p. 40, ed. Walter Scott).—Thomas Prior, *List of Absentees*, 1727 (cited above), and continuations in subsequent years.—Lecky, *History of England in 18th Century*, vol. ii. 2d ed. ch. vii. p. 237 *et seq.*; *Id.*, vol. iv. ch. xvi. p. 317 *et seq.*—Arthur Young, *Tour in Ireland*, 1780, ii. p. 59 (a terrific "general picture" of the evils of absenteeism).—Edward WAKEFIELD, *Account of Ireland*, 1812 (passages referred to in index).—*Westminster Review* 1827.—John Wiggan's (a land agent) *Letter to . . . Absentee Landlords*, 1822 (anonymous at first), (recommends absentee landlord to employ a confidential friend to visit the estate occasionally).—Minutes of evidence taken before the select committee of the House of Lords . . . Ireland, *Parliamentary Papers*, 1825, ix.—Minutes of evidence taken before the Select Committee of the House of

Commons . . . Ireland, *Parliamentary Papers*, 1825, viii.—*Quarterly Journal*, March 1826.—*London Magazine*, April 1826.—*Westminster Review*, January 1829.—De Beaumont, *L'Irlande*, 1829.—Bicheno, *Ireland and its Economy*, 1830, ch. viii. (sensible remarks on the paradox of "the economists").—Select committee on state of the poor in Ireland, *Parliamentary Papers*, 1830, vii.—Debate in the House of Commons, 1833, Hansard, xix. p. 583 (cp. xvi. p. 727).—*Westminster Review*, October 1833.—Von Raumer (a writer quoted with approbation by Mill), *England in 1835*, letter lxii. (very forcible).—*Westminster Review*, October 1835.—G. Cornwall Lewis, *Disturbances in Ireland*, 1836, p. 451.—Report of the Devon Commission, *Parliamentary Papers*, 1845, xix.-xxii. (Answers referred to under the head of *Estate Management* nearly, but not quite, unanimous that the estates of absentees are badly managed.) Digest of the same (ch. xxiv., on estate management).—*Dublin University Magazine*, 1850.—LAVERGNE, *Economie rurale de l'Angleterre*, 1858, pp. 378, 383 (referring to M'CULLOCH's paradox says, "En ce qui concerne l'Irlande la question me paraît tranchée par les faits").—CAIRNES, *Political Essays*, 1873 (Fragments on Ireland), p. 168.

(b) MONTCHRETIEN, *Traité de l'économie politique*, . . . 1615, edited by T. Funck-Brentano, Paris, 1881, p. 41 (early appearance of absenteeism in France).—Adam Smith, bk. v. ch. ii. (Tax on absentees).—A. TOCQUEVILLE (Clerel de), *L'Ancien Régime*, 1857, ch. xii. (Absentéisme de cœur of the small resident proprietors).—H. Taine, *Ancien Régime*, 1876, liv. i. ch. iii. pp. 52-77; and numerous authorities there cited.—H. CAREY, *Lectures on Wages* . . . 1835, p. 46 (criticises Senior's theory).—E. Levasseur, *La Population Française*, 1889, ch. xi. p. 237.—Hadley, *Railway Transportation*, 1886, p. 133 (absentee shareholders), and p. 21).—*Journal des Economistes*, 1885, November and December, summarising the results of the recent Italian Commission.—Brodick, *English Land and Landlords* (passages referred to in index under heading "Absentee"). Reference in Laverne, *Economie rurale de la France* (medium properties, as in England, lead to absenteeism less than large properties).]

F. Y. E.

ABSTINENCE. This well-chosen expression of SENIOR's, to use J. S. MILL's well-known description, has been unfortunate in giving rise to much controversy. It was intended to refer to that element in profits which might be considered as the "natural" reward of the capitalist for abstaining from immediate consumption. It was thus closely connected with the effective desire of accumulation and the theory of a "minimum rate of profits." It has also been much used in the establishment of economic harmonies in the style of BASTIAT with the view of showing that "natural" economic laws are in fundamental accord with "common-sense" morality. As might have been expected from the ambiguity of the terms "natural" and "common-sense," and from the vagueness of the conception abstinence itself, this economic harmony has been severely criticised in the first place by the

Socialists (e.g. LASSALLE in *Schulze-Delitsch*, Karl MARX in *Das Capital*). It was easy to point out that the virtue of abstinence could in many cases be reduced merely to desire for money as such and to a positive reluctance to spend. This criticism does not, however, seem capable of general extension. More recently another line of criticism has been developed and attention has been drawn to the positive effort required to convert wealth into capital for use in production corresponding in the main to the management or superintendence required after the capital has been formed (compare BAGEHOT, *Economic Studies*, and Schönberg's *Handbuch*, art. "Capital"). (See CAPITAL.) J. S. N.

ABSTRACT OF TITLE. An epitome of the evidence of ownership showing the soundness of one's right to an estate. In the absence of any agreement to the contrary the purchaser of a freehold estate is entitled to have such evidence for a period of forty years, but in the case of advowsons the period is one hundred years. The abstract is sufficient if it shows that the vendor is either himself competent to convey or can otherwise procure to be vested in the purchaser the legal and equitable estates free from incumbrances. [Dart's *Vendors and Purchasers*, London, 1888.] J. E. C. M.

ABSTRACT POLITICAL ECONOMY. Political economy is sometimes described as a wholly abstract science, dealing with an unreal and imaginary subject, that is to say, not with the entire real man as we know him in fact, but with a simpler being who is supposed to be engrossed with one desire only, namely, the desire of wealth. Thus, according to the doctrine laid down by J. S. MILL in his *Unsettled Questions of Political Economy*, the science makes entire abstraction of every human passion and motive, other than the pursuit of wealth, and the perpetually antagonising principles to that pursuit, namely, aversion to labour, and desire of the present enjoyment of costly indulgences. In other words, the economist is described as always working on the hypothesis that the acquisition of wealth is the sole end and aim of human action. In opposition to this view is that of the so-called "realistic" school, some of whom practically deny the utility of any abstract or hypothetical treatment of political economy at all. It is maintained by COMTE and others that any attempt to separate economic science from social philosophy in general must necessarily end in failure. The truth seems to lie between these two extreme doctrines; and it may be pointed out that writers who, like Mill and BAGEHOT, describe political economy as in its complete form a purely abstract science, nevertheless do not treat it as such in their own writings. It is true that they employ an abstract method in many of their reasonings, but it is also true that, taking their doctrines as a whole, they do not hold themselves

aloof from the concrete realities of actual life to anything like the extent that their description of the science would lead one to anticipate. They begin with abstractions, but do not end with them; and herein is the true method of the science roughly set forth. We ought accordingly to recognise two stages in economic doctrine, which may be called the abstract and the concrete stage respectively. It may not be possible to draw a hard and fast line between the two, but this does not destroy the value of the distinction. Abstract political economy concerns itself entirely with certain broad general principles, irrespective of particular economic conditions; or, as JEVONS puts it, with "those general laws which are so simple in nature, and so deeply grounded in the constitution of man and the outer world, that they remain the same throughout all those ages which are within our consideration" (*Fortnightly Review*, Nov. 1876, p. 625). It may thus be of universal validity, but this is after all only in virtue of its hypothetical character. It may remain remote from the actual concrete facts. Concrete political economy comes in, therefore, as a supplement. It takes account of special conditions that the pure theory avowedly neglects, and especially concerns itself with the qualifications and limitations, with which the abstract doctrines need to be interpreted. It puts forth no claim to universality, but is content if it can interpret and explain the actual economic phenomena, characteristic of a given period or a given state of society.

[Compare Mill, *Unsettled Questions of Political Economy*, Essay v.;—Bagehot, *Economic Studies*, Essays i. ii.;—Jevons, *The Future of Political Economy*;—*Fortnightly Review*, Nov. 1876;—Keynes, *Scope and Method of Political Economy*, ch. iv., note A.] J. N. K.

ABUNDANCE. In economical, as in popular, discussions, abundance is usually the correlative of scarcity and the synonym of plenty. If there is a distinction plenty is taken to mean a sufficient, and abundance a more than sufficient, provision for wants. Abundance taken absolutely, in the sense of an overflowing plenty, of all and every sort of goods is certainly one ultimate aim of economic effort; and BASTIAT in the cause of free trade has done good service by his assertion and illustration of this axiom. As an overflowing plenty it implies the possibility of leisure; it is a provision secured without cost of labour. Though this is an unrealisable ideal, the economical progress of any society may nevertheless be measured by its approximation to it. In the introduction to the *Wealth of Nations* "the abundance or scantiness of the annual supply of the necessities and conveniences of life" is made synonymous with wealth and poverty. In ordinary language, however, abundance does not, like wealth or riches, suggest a contrast of more fortunate with

less fortunate men, but rather a relation of the wants of individual men to their means of satisfaction, without any idea of contrast with their neighbours.

Taken in a narrower sense, abundance, not of all and sundry, but of particular classes of goods, is less clearly a benefit than general abundance. To the seller, abundance (which lowers the value of his wares) is an evil. The paradox of QUESNAY and other physiocrats, "Disette et cherté est misère; abondance et cherté est opulence" (*e.g.* Daire's *Physiocrates*, p. 98, cf. 391 ft.), meant, for example, that the agriculturist could only prosper if he had a good market for his crops as well as a large harvest of them. It is bad policy, they said, to create an abundance of necessities in preference to an abundance of other goods, damaging one class of producers in order to benefit the rest. So it is a fact of common experience that abundance, when confined to one kind of goods, means an "over-production" or "glut" of them. The remedy (as Say pointed out) is not to decrease the abundance of the one kind but to increase the abundance of the others, and so bring the community nearer its ideal of general abundance (see also GLUT; OVER-PRODUCTION; PHYSIOCRATS; J. B. SAY; VALUE; and WEALTH). J. B.

ACCEPTANCE. In relation to contracts generally, the term "acceptance" means the signification of assent by one person to a proposal made by another.

In relation to contracts of sale the term has two significations which must be distinguished. There is an acceptance in performance of the contract when the buyer intimates to the seller that he has accepted the goods, or when he does any act in relation to them inconsistent with the ownership of the seller; but for the purposes of the 17th section of the Statute of Frauds, it is sufficient if he does any act which recognises a pre-existing contract of sale, even though he may not be precluded from afterwards rejecting the goods (see SALE).

In relation to bills of exchange the term primarily means the acceptance by the drawee of a bill of exchange duly written thereon and signed; but as the main object of the drawer of a bill is to get it accepted, the term "acceptance" is frequently used to denote the bill itself, and is then synonymous with "bill of exchange" (see BILL OF EXCHANGE).

M. D. C.

ACCEPTILATION (Scots and civil law). Extinction of a debt by discharge granted gratuitously or for trifling payment. A. D.

ACCEPTOR. The person on whom a bill of exchange is drawn, namely, the *drawee*, becomes the *acceptor* by signifying his assent to the document in writing (see BILL OF EXCHANGE). The validity of an acceptance sometimes turns on very intricate points of law.

For details on this, see *The Practice of Banking*, by John Hutchison, especially vols. i. and iii.

ACCESSIO. A term of Roman law used to express the acquisition of property by an addition to former property, due to an accidental circumstance. If, for instance, a plot of land on the bank of a river was increased by the gradual deposit of earth on the bank, the property in the new piece of land was said to be acquired by "accessio." E. S.

ACCESSION, DEED OF. See BANKRUPTCY IN SCOTLAND.

ACCOMMODATION BILL. An accommodation bill may be described as a bill given without receipt of value, in order that the person to whom it is given may raise money and obtain credit by means of it. Ordinarily, the person who lends his name accepts a bill drawn on him by the person he wishes to accommodate, but sometimes a bill is drawn, accepted, and indorsed by different persons, in order to accommodate some person who is not a party to the bill at all. Perhaps the strict legal definition of an accommodation bill would be a bill whereon the principal debtor, according to the terms of the instrument, is in substance a mere surety for some other person, whether that person be a party to the bill or not. When an accommodation bill gets into the hands of a holder for value he may enforce payment of it precisely in the same way as if the bill had been given for value. When, however, an accommodation bill is dishonoured, some special considerations come into play. In the first place a drawer or indorser for whose accommodation the bill was accepted cannot set up as a defence either absence of notice of dishonour or informality in presentment for payment, for he was the party primarily liable to meet the bill. Secondly, if the bill be held by a person who knows the real relationship of the parties, the ordinary rule of the law of principal and surety then attaches, and a discharge of, or binding agreement to give time to, the principal debtor may discharge the surety. For instance, suppose the holder of a bill knows that it was accepted to accommodate the drawer. If it is dishonoured, he may sue either the acceptor or the drawer, or both; but if, for some fresh consideration, he agrees with the drawer not to press him for (say) three months, he thereby discharges the acceptor. So if a joint and several note is made by three persons, two of whom sign to accommodate the third, and the holder accepts a non-statutory composition from such third person, the two co-makers who signed to accommodate him would ordinarily be discharged. M. D. C.

ACCOUNT. On the stock exchange there are settlements, bi-monthly in general securities, and monthly in British consols and India Government sterling stocks. The account begins after one settlement and ends at the date of the

ACCOUNT DUTY—ACHENWALL

7

next. Transactions are said to be “for the account,” and prices are quoted for the account, to distinguish these transactions from bargains done “for cash,” meaning for ready money. Practically, all the speculation that goes on in the stock exchange is done by buying or selling “for the account” (see CARRYING OVER; BACKWARDATION). A. E.

ACCOUNT DUTY. See DEATH DUTIES.
ACCOUNTS, MERCHANTS'. See PRESCRIPTION, SCOTCH.

ACCRETION (Scots law term). Referring back an after-acquired title so as to complete a right originally defective or imperfect. A. D.

ACCRUE. To arise or spring as a natural growth or result. Accrued interest is the interest due for the period which, at a given moment, has elapsed since the last payment of interest, as for the time being it increases the principal debt. The word is not always free from ambiguity; if, for instance, property accruing after a certain date is spoken of, it is not quite clear whether property in which a future interest was acquired before the period named, but which only came into possession afterwards, is included. E. S.

ACCUMULATION. Without entering into the difficulties involved in the definitions of CAPITAL; WEALTH (*q.v.*), and simply assuming that accumulation refers to wealth set aside from present consumption for future uses, the rate of accumulation in any country at any time is held to depend upon two groups of causes: (I.) causes affecting the fund from which savings can be made; (II.) causes which induce people to save rather than to consume their wealth.

Under the *first* group of causes may be enumerated—(1) natural resources, *e.g.* minerals, climate, harbours, rivers, etc.; (2) efficiency of labour and capital, including industrial skill and organisation (see EFFICIENCY OF LABOUR); (3) the amount taken by government for public purposes either directly by taxation or indirectly by exacting services, as in conscription for military purposes. The indirect effects and methods of expending it must always be taken into account (see TAXATION); (4) foreign trade, under which we must take into account the various elements of international indebtedness (see FOREIGN EXCHANGES), *e.g.* earnings for freight and returns on foreign investments; (5) credit, which indirectly and directly saves both labour and capital. Division of labour in the modern sense would hardly be possible without credit, and it is largely owing to credit that saving in the economic sense has taken the place of hoarding (see CREDIT); (6) means of communication, *e.g.* roads, canals, and railways, play an important part in the production of wealth, for the act of production is not complete till the commodity is in the hands of the consumer. To summarise in a sentence, the amount of the fund from which savings can be made

depends upon the efficiency of the three great agents of production—natural agents, labour, and capital, as compared with the total expenses of all kinds, both of individuals and governments, which are necessary to preserve what is called the STATIONARY STATE (*q.v.*)

Secondly we must consider the motives which induce people to save rather than to consume this real net produce. The following are held to be the most important factors: (1) security that what is saved will be preserved to or enjoyed by the owner. Even slaves, out of their small *peculium* have been known to save if they were sure of their savings. Security, as MILL points out, must be given not only by the government but against the government (compare Turkey at present or the old Roman provinces). Security of life owing to climatic or other natural causes may also be mentioned; (2) effective desire of accumulation; this consists really of a group of motives. It may be weak from intellectual deficiency, mere want of power to look forward (compare American Indians and Chinese), or from moral deficiency, no interest in others, no sufficient care to avoid pauperism in old age, or to provide for a family, etc.; (3) desire to rise in the social scale—the importance attached to the mere possession of wealth apart from its uses—a point too often overlooked; (4) facilities for investment; this is specially illustrated by the case of labourers and savings facilitated by growth of savings banks, building societies, etc., and by insurance companies for all classes; (5) the difference of the classes among which the national wealth is distributed, as certain classes tend to save more than others (compare France before and after the Revolution, the waste of the aristocracy and the saving of the peasants); (6) the rate of interest, which operates in two ways. If the return is high there is a greater *inducement* to invest, though Adam SMITH, in speaking of the high profits of the monopoly of the colonial trade, thinks it tends to promote extravagance. If the return is low, however, there is need to save more to make a certain provision against old age, sickness, etc.

[The subject of accumulation is treated at length in all the principal text-books. Special attention, however, may be called to the criticism by JONES (*Political Economy*, edited by WHEWELL) of previous writers, and to the practical example in Sir R. Giffen's paper entitled “Recent Accumulation of Capital,” *Essays in Finance*, 1878, and by the same author *The Growth of Capital*, 1889 (see CAPITAL).] J. S. N.

ACHENWALL, GOTTFRIED, economist and statistician, born in 1719 at Elbing in West Prussia, died in 1772 at Göttingen, where he was a professor in the university. He was author of *Staatsklugheit nach ihren ersten Grundsätzen*, 1761, a work in which, as ROSCHER remarks, description greatly preponderates over

criticism. He belongs to the same school as JUSTI, namely, that of the moderate mercantilists. It is in the history of statistics more than in connection with economics that he holds a really high place; the Germans indeed sometimes call him the Father of Statistics, strangely ignoring the claims of PETTY and other earlier writers. The work by which he is known in this department is his *Staatsverfassung der heutigen vornehmsten Europäischen Reiche*, 1752. There is prefixed to this treatise an introduction on statistics in general, in which he seeks to determine accurately the province of the study, and to distinguish it clearly from other kindred branches of research. In the body of the work he gives a view of the constitutions of the several states of Europe, and describes the condition of their agriculture, manufactures, and commerce, often supplying numerical details in relation to these subjects. He seems to have been the first to use the German word *Statistik*; the Latin adjective *Statisticus* is found in the title of a book by a German publicist, known as Helenus Politanus (*Microscopium Statisticum, quo status imperii Romano-Germanici repraesentatur*) published in 1672 (Roscher, *Gesch. der Nat. Oek. in Deutschland*, p. 466). J. K. I.

ACKERSDYK, JOHN, born at Bois-le-duc, 20th Oct. 1790, studied law at Utrecht, and graduated there in 1810. He died 1861. First a lawyer, afterwards a judge, he was appointed in 1825 a professor at the University of Liège, and in 1830, after the Belgian revolution, a professor at Utrecht. Here from 1849 till 1860 he taught economics.

During his long and frequent travels Ackersdyk collected a vast mass of information which he availed himself of to enrich his lectures. His writings are not very numerous, being principally short essays in periodicals. The following are specially deserving of notice: *Bedenkingen over de Korenwetten* (Remarks on the Corn Laws), 1835;—*Nederlands financiën—Nationale Schuld* (Financial condition of Holland—National debt), 1843;—*Nederlands Muntwezen* (The Dutch Currency), 1845;—*Over belastingen en Bezuinigingen* (On Taxes and Savings), 1849. A. F. V. L.

ACKNOWLEDGMENT. The formal admission of some fact—e.g. acknowledgement of indebtedness. The “acknowledgement of an account” in commercial language is equivalent to the “account stated” of legal language, which is an admission by one party who is in account with another that there is a balance due from him. Such an admission in our law imports a promise to pay upon request. “Acknowledgement of married women” is the technical expression for the particular method which must be adopted whenever a married woman alienates real property which is not included in her separate estate. The deed conveying the property must be *acknowledged* by the woman on being exa-

mined by a judge or commissioner apart from her husband. As the sphere of the separate estate has been considerably enlarged by the Married Women's Property Acts, the opportunities for adopting this procedure are less frequent. E. S.

ACLAND, REV. JOHN, born in 1699, was the second son of John Acland, M.P., of Woodly, Yorkshire. He graduated M.A. at Oxford (Exeter Coll.) in 1725, was instituted vicar of Broad Clyst, Devonshire, in 1753, and was led by the failure of friendly society legislation in that county to publish—*A Plan for rendering the Poor independent on Public Contribution founded on the basis of Friendly Societies commonly called Clubs, to which is added a letter from Dr. Price, Exeter, 1786*, 8vo. Acland's proposal was that Parliament should establish throughout England a general club for the poor in sickness, old age, or when out of work; to this every adult wage-earner should contribute as well as the general community (see INSURANCE, Articles on). This plan was criticised in a pamphlet (1788) by the Rev. John HOWLETT (q.v.) An abstract of it may be seen in EDEN's *State of the Poor*, i. 373-380. Acland also wrote *An Answer to a Pamphlet published by E. King, in which he attempts to Prove the Public Utility of the National Debt, and a True Statement of the Real Cause of the present high price of Provisions*, 1796, 8vo (a tractate on the evils of the National Debt). H. R. T.

ACQUITTANCE. (1) Release, discharge. (2) A receipt in full, which bars a further demand. E. S.

ACT OF BANKRUPTCY. For Scotch equivalent (Notour bankruptcy) see BANKRUPTCY IN SCOTLAND. A. D.

ACTOR SEQUITUR FORUM REI. See JURISDICTION.

ACTUARY. The officer of a life insurance company whose duty it is to advise upon all questions relating to their tariffs, rates of premium, and periodical valuations of assets and liabilities, in which the calculations are based upon mathematical science, the laws of probability, and the statistics of death and of survivorship, in combination with all the scientific formulæ connected with interest of money and with commercial finance. In this sense the designation defines a distinct class of professional men, and, as such, it has long been used in the legislative enactments relating to life assurances and annuities, and to friendly societies. In the year 1884 the united members of this profession received a charter of incorporation from the crown, empowering the existing members of two societies theretofore known as the Actuaries Club and the Institute of Actuaries to combine under specified regulations, by the title of that institute, and the present and future members to affix the

Cambridge University Press

978-1-108-08037-8 - Dictionary of Political Economy: Volume 1

Edited by R.H. Inglis Palgrave

Excerpt

[More information](#)

ACTUS—ADJUSTMENT, AVERAGE

9

denoting letters of F.I.A. to their names. The *Journal of the Institute of Actuaries* is published quarterly, and its twenty-eighth volume has already been reached. The earlier volumes bore the title of *The Assurance Magazine*. Its contents may with confidence be recommended to students, as embracing papers of the highest importance in connection with the doctrine, history, and practice of life assurance, and vital and other statistics bearing thereon and upon annuities, marine and fire insurance. The designation of actuary has also been long applied to certain officers invested with duties, more or less like the above, in savings banks and in government offices such as those of the commissioners for the reduction of the national debt, the war office, etc. It has also been applied in the last two centuries to the clerk to the convocation of clergy, but the name is in this case derived from his being the recording officer of the acts arising out of the deliberations of that ancient body, in the same way that the "actuar," a functionary of the courts of justice in Germany, has to record and to see to the promulgation of their decrees. An account of the designation of *actuaries* in the case of public officers of other kinds in ancient Greece and Rome, may be read in Sir George Cornwall Lewis's *Methods of reasoning in matters of Politics* (see INSURANCE). F. H.

ACTUS. An expression of Roman law used to indicate the right of an adjoining owner to drive cattle and take carts over his neighbour's land. E. S.

ADAMS, CHARLES FRANCIS, born in Boston 1807; died 1886; was a lawyer and diplomatist, and during the civil war minister to England. In the period 1835-40 he gave considerable attention to the subject of currency, and differed from the Whig party's position. Adams wrote, in 1837, *Reflections upon the present state of the currency in the United States*, Boston, pp. 34, also *Further reflections upon the state of the currency in the United States*, Boston, pp. 41. He asserted that the financial disturbance of 1837 was due to over-banking, and not to over-trading with foreign countries, and that it would be impossible to secure a uniform currency until it was taken in hand by the national government. Adams was opposed to the sub-treasury system, and favoured a national bank. He must not be confounded with his son, Charles Francis Adams the younger, the well-known writer on the railway question. D. R. D.

ADDISON, JOSEPH, born 1672, died 1719. Addison's brilliant literary career has drawn away general attention from his official position in the government of his time, and his occupation as one of the lords commissioners of trade (see BOARD OF TRADE). His remarks (No. 69 of the *Spectator*) on the importance of the traffic of the merchant in reference to the general

prosperity of the country may still be read with interest as embodying those facts on which the principles of free trade rest.

ADEMPION OF LEGACY occurs where a legacy does not take effect owing to some act on the part of a testator not affecting the validity of the will; (1) Where the testator alienates the subject matter during his lifetime the legacy fails; (2) Where a parent or a person *in loco parentis* gives a legacy to a child, and afterwards advances to such child a portion on marriage, or on preferment in life, if the portion be equal to or greater than the legacy, it operates as a total ademption of such legacy; if of lesser amount it adeems the legacy *pro tanto*.

[See Williams on *Executors*, 1879, pp. 1827-1845.] J. E. C. M.

ADJUSTMENT, AVERAGE. A Rhodian law provided that if, in order to save a vessel, a portion of the cargo was thrown overboard, the owners of the rest of the cargo should contribute to the loss. This principle has been followed by modern nations, and in the English law it has been expressed in the following terms:—"All loss which arises in consequence of extraordinary sacrifices made or expenses incurred for the preservation of the ship and cargo comes within general average, and must be borne proportionally by all who are interested" (LOWNDES on *General Average*, 4th ed., London, 1888, p. 21). The calculation of the losses incurred and the adjustment of the amount to be contributed by the ship, the cargo, and the freight respectively, is effected by a class of arbitrators called "average adjusters," whose duty it is to give their decision in accordance with legal principles. In computing the amount to be made good the following are the chief rules. (1) Disbursements are estimated at the amount expended *plus* the costs of raising funds. (2) Cargo sacrificed is valued at such a sum as would place the owner in the same position at the time and place of adjustment as if not his goods but those of some other person had been sacrificed. (3) Ship's materials sacrificed are valued at the cost of repair, less a deduction of one-third in respect of the advantage derived by the owner from the fresh repairs.

To the amount of loss so ascertained contribution has to be made (1) by the ship in proportion to its actual value to the owner at the time of adjustment; (2) by the cargo in proportion to its net market value at the date of delivery or at the time and place of adjustment, deducting the expenses the merchant incurs in case of delivery; (3) by the freight less the expense of earning it which would have been saved had the ship been lost (see AVERAGE, MARITIME).

[*The Law of General Average, English and Foreign*, by Richard Lowndes, 4th ed., London, 1888.] J. E. C. M.

ADMINISTRATION. The term administration is not easy to define. It is oftenest used to describe the executive business of the state. The functions of the state are usually classified as legislative, judicial, and executive, and this classification, while open to many objections, is as good as any other that has been suggested. If we adopt it and take administration as equivalent to the executive function, administration will practically comprehend all the activities of the state with two important exceptions, the function of making laws—the legislative function—and the function of interpreting laws—the judicial function. Administration in this sense includes an immense number of subordinate functions, which demand separate treatment. In a general view of administration it is only necessary to discuss the following topics: (I) The sphere of administration as defined (a) by theoretical writers, (b) in concrete historical instances. (II) The organisation of administration. (III) The relation of the administrative organisation to (a) the sovereign person or body of persons, (b) the individual citizen. (IV) The economic aspects of administration.

I. *Sphere of Administration* (a) as defined by theoretical writers. The innumerable theories on this subject may be reduced to three types, the *laissez-faire* type, the *socialist* type, and the *empirical* type. The LAISSEZ-FAIRE theory may be stated thus: Individual liberty is the one indispensable condition of goodness and happiness. Constraint is put upon the individual by any and every action of the state. The action of the state is therefore an evil to be reduced within the narrowest limits. The state, therefore, should undertake only those functions which cannot possibly be discharged by private persons, singly or associated. Therefore administration should be restricted to protecting the individual from interference, either by lawbreakers at home or by enemies from abroad. The only useful departments of administration are the army, navy, and police. The *socialist* theory may be stated thus—The co-operation of all for the good of all is the one indispensable condition of goodness and happiness. This co-operation can be effected by the state and by the state alone. The action of the state is therefore a blessing to be extended as much as possible. Every human being should be an official either in training, on service, or pensioned off. Administration should be co-extensive with social life, and there should be as many administrative departments as there are branches of industry.

The *empirical* theory may be stated thus—Individual liberty and compulsory co-operation are not ends in themselves, but only means to human well-being. Some wants of society can be provided for only by individuals, other wants

only by the state; but there are many other wants of society respecting the satisfaction of which no general rule can be laid down. Experience must in each case decide what the state should and what it should not attempt. Different maxims will apply to different cases. What should be done by administration in any country will depend on the circumstances of that country. This theory being elastic, its professors differ greatly among themselves, some inclining to *laissez-faire* and some to socialism.

(b) The sphere of administration, as seen in concrete historical instances, has varied widely, although it has never corresponded to the requirements of extreme socialism or extreme *laissez-faire*. So long as society remains a collection of self-governing families, the sphere of administration, like that of legislation, is restricted. So long as population continues sparse, wealth restricted, and wants few, there is little work for administration. There is hardly a circumstance in the condition of a people which does not contribute to determine the sphere of administrative action.

II. *The Organisation of Administration.*—Administrative organisation takes innumerable forms. But the character of an administrative system depends mainly on the question whether it is carried on by paid officials (in which case it is popularly called a bureaucracy), or whether it is carried on by unpaid citizens (in which case it is popularly called self-government). With this distinction is connected the distinction between a centralised and a localised administration. A centralised administration must, necessarily, be conducted by paid officials, since private persons cannot regularly travel long distances to take part in administrative work, most of which lies outside their knowledge or interest. A localised administration might be wholly conducted by paid officials of the local authority. But in practice it is usually in great measure conducted by private persons, who make up for the want of professional skill by the knowledge of their own wants, and give their unpaid service because they obtain an indirect return in power, consideration, and the satisfaction of managing their own affairs.

BUREAUCRACY and self-government must not, however, be regarded as mutually exclusive systems of administration. In all civilised states they supplement one another, although their relative importance is hardly ever in two instances the same. It is a mistake to suppose that there is no self-government in Prussia, in France, or even in Russia. It is a mistake to suppose that bureaucracy does not play a great part in England. In fact the administration of a civilised state is so serious a task as to demand all the power of bureaucracy and self-government combined. The paid official has,