

In all this there is nothing revolutionary or startling, but it will be found that a connected and systematic exposition of these truths will call into question much that still holds its place in text-books of Political Economy. It will be sufficient here to indicate, without any attempt to justify or elaborate, some of the main conclusions that will be reached.

We shall have to abandon the favourite diagrammatic method by which prices, whether market or normal, are indicated by the intersection of a curve of demand and a curve of supply, or a curve of demand and a curve of cost of production. We shall call for a revision of the whole theory of increasing and diminishing returns as usually expounded, and this will be seen to involve either the abandonment or the restatement of much ingenious theory that has been based on the supposed phenomena presented by industries subject to the law of diminishing returns.

In close connection with the subject just mentioned, we shall have to note that certain general truths, of universal application, which were first observed and formulated in relation to land, have been mistaken for specific characteristics of that particular factor of production. This has produced a perfect spawn of errors, misconceptions, and misnomers, which will long continue to infest economic thought. I have tried to indicate with perfect precision the specific source of these errors.

And finally, the general principles of our investigation will involve (less directly, but not less inevitably) an abandonment of the so-called Quantity Law in the study of finance, and some readjustment, at least, in the usual statement of the nature of foreign trade and the phenomena of bill-broking.

All this controversial matter has been as far as possible avoided in the First Book of this treatise, which aims at simple and direct construction, with the minimum of polemical reference to current terminology or theory. And it is my hope that, whatever may be the verdict passed by experts on the Second Book, the First may be found to have some independent value, which may be acknowledged even by those who dispute the legitimacy of the inferences subsequently drawn from the principles it expounds.

Finally, in a brief Third Book I have endeavoured to shew