For tho' the Giant Ages heave the hill
And break the shore, and evermore
Make and break, and work their will;
Tho' world on world in myriad myriads roll
Round us, each with different powers
And other forms of life than ours,
What know we greater than the soul?

—*Tennyson.*

GENERAL INTRODUCTION.

REASON OF THIS WORK.

I SHALL try in this work to put in clear and systematic form the main principles of political economy.

The place I would take is not that of a teacher, who states what is to be believed, but rather that of a guide, who points out what by looking is to be seen. So far from asking the reader blindly to follow me, I would urge him to accept no statement that he himself can doubt, and to adopt no conclusion untested by his own reason.

This I say, not in unfelt deprecation of myself nor in idle compliment to the reader, but because of the nature and present condition of political economy.

Of all the sciences, political economy is that which to civilized men of to-day is of most practical importance. For it is the science which treats of the nature of wealth and the laws of its production and distribution; that is to say, of matters which absorb the larger part of the thought and effort of the vast majority of us—the getting of a living. It includes in its domain the greater part of those vexed questions which lie at the bottom of our politics and legislation, of our social and governmental theories, and even, in larger measure than may at first be supposed, of our philosophies and religions. It is the science to which must belong the solving of problems that at the close of a century of the greatest material and scientific development

the world has yet seen, are in all civilized countries clouding the horizon of the future—the only science that can enable our civilization to escape already threatening catastrophe.

Yet, surpassing in its practical importance as political economy is, he who to-day would form clear and sure ideas of what it really teaches must form them for himself. For there is no body of accepted truth, no consensus of recognized authority, that he may without question accept. In all other branches of knowledge properly called science the inquirer may find certain fundamentals recognized by all and disputed by none who profess it, which he may safely take to embody the information and experience of his time. But, despite its long cultivation and the multitude of its professors, he cannot yet find this in political economy. If he accepts the teaching of one writer or one school, it will be to find it denied by other writers and other schools. This is not merely true of the more complex and delicate questions, but of primary questions. Even on matters such as in other sciences have long since been settled, he who to-day looks for the guidance of general acceptance in political economy will find a chaos of discordant opinions. So far indeed are first principles from being agreed on, that it is still a matter of hot dispute whether protection or free trade is most conducive to prosperity—a question that in political economy ought to be capable of as certain an answer as in hydrodynamics the question whether a ship ought to be broader than she is long, or longer than she is broad.

This is not for want of what passes for systematic study. Not only are no subjects so widely and frequently discussed as those that come within the province of political economy, but every university and college has now its professor of the science, whose special business it is to study and to teach it. But nowhere are inadequacy and confusion more apparent than in the writings of these men; nor is

anything so likely to give the impression that there is not and cannot be a real science of political economy.

But while this discordance shows that he who would really acquaint himself with political economy cannot rely upon authority, there is in it nothing to discourage the hope that he who will use his own reason in the honest search for truth may attain firm and clear conclusions.

For in the supreme practical importance of political economy we may see the reason that has kept and still keeps it in dispute, and that has prevented the growth of any body of accepted and assured opinion.

Under existing conditions in the civilized world, the great struggle among men is for the possession of wealth. Would it not then be irrational to expect that the science which treats of the production and distribution of wealth should be exempt from the influence of that struggle? Macaulay has well said that if any large pecuniary interest were concerned in disputing the attraction of gravitation, that most obvious of all facts would not yet be accepted. What, then, can we look for in the teaching of a science which directly concerns the most powerful of "vested rights"—which deals with rent and wages and interest, with taxes and tariffs, with privileges and franchises and subsidies, with currencies and land-tenures and public debts, with the ideas on which trade-unions are based and the pleas by which combinations of capitalists are defended? Economic truth, under existing conditions, has not merely to overcome the inertia of indolence or habit; it is in its very nature subject to suppressions and distortions from the influence of the most powerful and vigilant interests. It has not merely to make its way; it must constantly stand on guard. It cannot safely be trusted to any selected body of men, for the same reasons that the power of making laws and administering public affairs cannot be so trusted.

It is especially true to-day that all large political questions are at bottom economic questions. There is thus introduced into the study of political economy the same disturbing element that setting men by the ears over the study of theology has written in blood a long page in the world's history, and that at one time, at least, so affected even the study of astronomy as to prevent the authoritative recognition of the earth's movement around the sun long after its demonstration. The organization of political parties, the pride of place and power that they arouse and the strong prejudices they kindle, are always inimical to the search for truth and to the acceptance of truth.

And while colleges and universities and similar institutions, though ostensibly organized for careful investigation and the honest promulgation of truth, are not and cannot be exempt from the influences that disturb the study of political economy, they are especially precluded under present conditions from faithful and adequate treatment of that science. For in the present social conditions of the civilized world nothing is clearer than that there is some deep and wide-spread wrong in the distribution, if not in the production, of wealth. This it is the office of political economy to disclose, and a really faithful and honest explication of the science must disclose it.

But no matter what that injustice may be, colleges and universities, as at present constituted, are by the very law of their being precluded from discovering or revealing it. For no matter what be the nature of this injustice, the wealthy class must, relatively at least, profit by it, and this is the class whose views and wishes dominate in colleges and universities. As, while slavery was yet strong, we might have looked in vain to the colleges and universities and accredited organs of education and opinion in our Southern States, and indeed for that matter in the North,

for any admission of its injustice, so under present conditions must we look in vain to such sources for any faithful treatment of political economy. Whoever accepts from them a chair of political economy must do so under the implied stipulation that he shall not really find what it is his professional business to look for.*

In these extraneous difficulties, and not in any difficulty inherent in political economy itself, lies the reason why, to-day, after all the effort that since Adam Smith wrote has been devoted to its investigation, or presumed investigation, he who would really know what it teaches can find no consistent body of undisputed doctrine that he may safely accept; and can turn to the colleges and universities only with the certainty that, wherever else he may find the truth, he cannot find it there.

Yet, if political economy be the one science that cannot safely be left to specialists, the one science of which it is needful for all to know something, it is also the science which the ordinary man may most easily study. It requires no tools, no apparatus, no special learning. The phenomena which it investigates need not be sought for in laboratories or libraries; they lie about us, and are constantly thrust upon us. The principles on which it builds are truths of which we all are conscious, and on which in every-day matters we constantly base our reasoning and our actions. And its processes, which consist mainly in analysis, require only care in distinguishing what is essential from what is merely accidental.

In proposing to my readers to go with me in an attempt to work out the main principles of political economy, I am not asking them to think of matters they have never thought of before, but merely to think of them in a careful

* On this subject, Adam Smith's opinion of colleges and universities (Article II., Part III., Chapter I., Book V., "Wealth of Nations") may still be read with much advantage.

and systematic way. For we all have some sort of political economy. Men may honestly confess an ignorance of astronomy, of chemistry, of geology, of philology, and really feel their ignorance. But few men honestly confess an ignorance of political economy. Though they may admit or even proclaim ignorance, they do not really feel it. There are many who say that they know nothing of political economy—many indeed who do not know what the term means. Yet these very men hold at the same time and with the utmost confidence opinions upon matters that belong to political economy, such as the causes which affect wages and prices and profits, the effects of tariffs, the influence of labor-saving machinery, the function and proper substance of money, the reason of "hard times" or "good times," and so on. For men living in society, which is the natural way for men to live, must have some sort of politico-economic theories—good or bad, right or wrong. The way to make sure that these theories are correct, or if they are not correct, to supplant them by true theories, is by such systematic and careful investigation as in this work I propose.

But to such an investigation there is one thing so necessary, one thing of such primary and constant importance, that I cannot too soon and too strongly urge it upon the reader. It is, that in attempting the study of political economy we should first of all, and at every step, make sure of the meaning of the words that we use as its terms, so that when we use them they shall always have for us the same meaning.

Words are the signs or tokens by which in speech or writing we communicate our thoughts to one another. It is only as we attach a common meaning to words that we can communicate with one another by speech. And to understand one another with precision, it is necessary that

each attach precisely the same meaning to the same word. Thus, two men may look on the ocean from the same place, and one honestly insist that there are three ships in sight, while the other as honestly insists that there are only two, if the one uses the word ship in its general meaning of navigable vessel, and the other uses it in its technical meaning of a vessel carrying three square-rigged masts. Such use of words in somewhat different senses is peculiarly dangerous in philosophic discussion.

But words are more than the means by which we communicate our thoughts. They are also signs or tokens in which we ourselves think—the labels of the thought-drawers or pigeonholes in which we stow away the various ideas that we often mentally deal with by label. Thus, we cannot think with precision unless in our own minds we use words with precision. Failure to do this is a great cause of the generation and persistence of economic fallacies.

In all studies it is important that we should attach definite meanings to the terms we use. But this is especially important in political economy. For in other studies most of the words used as terms are peculiar to that study. The terms used in chemistry, for instance, are used only in chemistry. This makes the study of chemistry harder in beginning, for the student has to familiarize himself with new words. But it avoids subsequent difficulties, for these words being used only in chemistry, their meaning is not likely to be warped by other use from the one definite sense they properly bear in chemistry.

Now the terms used in political economy are not words reserved to it. They are words in every-day use, which the necessities of daily life constantly require us to give to, and accept for, a different than the economic meaning. In studying political economy, in thinking out any of its

problems, it is absolutely necessary to give to such terms as wealth, value, capital, land, labor, rent, interest, wages, money, and so on, a precise meaning; and to use them only in this—a meaning which always differs, and in some cases differs widely, from the common meaning. But not only have we all been accustomed in the first place to use these words in their common meanings; but even after we have given them as politico-economic terms a definite meaning, we must, in ordinary talk and reading continue to use and accept them in their ordinary sense.

Hence arises in political economy a liability to confusion in thought from lack of definiteness in the use of terms. The careless as to terms cannot take a step without falling into this confusion, and even the usually careful are liable to fall into confusion if at any moment they relax their vigilance. The most eminent writers on political economy have given examples of this, confusing themselves as well as their readers by the vague use of a term. To guard against this danger it is necessary to be careful in beginning, and continuously to be careful. I shall therefore in this work try to define each term as it arises, and thereafter, when using it as an economic term, try to use it in that precise sense, and in no other.

To define a word is to mark off what it includes from what it does not include—to make it in our minds, as it were, clear and sharp on its edges—so that it will always stand for the same thing or things, not at one time mean more and at another time less.

Thus, beginning at the beginnings, let us consider the nature and scope of political economy, that we may see its origin and meaning, what it includes and what it does not include. If in this I ask the reader to go with me deeper than writers on political economy usually do, let him not think me wandering from the subject. He who would build a towering structure of brick and stone, that in stress

and strain will stand firm and plumb, digs for its foundation to solid rock.

Should we grudge such pains in laying the foundations of a great science, on which in its superstructure so much must rest?

In nothing more than in philosophy is it wise that we should be "like a man which built an house, and digged deep, and laid the foundation on a rock."

CHAPTER XII.

THE FUNDAMENTAL LAW OF POLITICAL ECONOMY.

SHOWING THAT THE LAW FROM WHICH POLITICAL ECONOMY PROCEEDS IS THAT MEN SEEK TO SATISFY THEIR DESIRES WITH THE LEAST EXERTION.

Exertion followed by weariness—The fact that men seek to satisfy their desires with the least exertion—Meaning and analogue—Exemplified in trivial things—Is a law of nature and the fundamental law of political economy—Substitution of selfishness for this principle—Buckle quoted—Political economy requires no such assumption—The necessity of labor not a curse.

THE only way man has of satisfying his desires is by action.

Now action, if continued long enough in one line to become really exertion, a conscious putting forth of effort, produces in the consciousness a feeling of reluctance or weariness. This comes from something deeper than the exhaustion of energy in what we call physical labor; for whoever has tried it knows that one may lie on his back in the most comfortable position and by mere dint of sustained thinking, without consciously moving a muscle, tire himself as truly as by sawing wood; and that the mere clash and conflict of involuntary or undirected thought or feeling, or its continuance in one direction, will soon bring extreme weariness.

But whatever be its ultimate cause, the fact is that labor, the attempt of the conscious will to realize its material desire, is always, when continued for a little while, in itself hard and irksome. And whether from this fact alone, or from this fact, conjoined with or based upon something intuitive to our perceptions, the further fact, testified to both by observation of our own feelings and actions and by observation of the acts of others, is that men always seek to gratify their desires with the least exertion.

This, of course, does not mean that they always succeed in doing so, any more than the physical law that motion tends to persist in a straight line means that moving bodies always take that line. But it does mean the mental analogue of the physical law that motion seeks the line of least resistance—that in seeking to gratify their desires men will always seek the way which under existing physical, social and personal conditions seems to them to involve the least expenditure of exertion.

Whoever would see this disposition of human nature exemplified in trivial things has only to watch the passers-by in a crowded street, or those who enter or depart from a frequented house. He will be instructed and perhaps not a little amused to note how slight the obstruction or semblance of obstruction that will divert their steps; and will see the principle observed by saint and sinner—by "wicked man on evil errand bent," and "Good Samaritan intent on works of mercy."

Whether it proceed from experience of the irksomeness of labor and the desire to avoid it, or further back than that, have its source in some innate principle of the human constitution, this disposition of men to seek the satisfaction of their desires with the minimum of exertion is so universal and unfailing that it constitutes one of those invariable sequences that we denominate laws of nature, and from which we may safely reason. It is this law of nature

that is the fundamental law of political economy—the central law from which its deductions and explanations may with certainty be drawn, and, indeed, by which alone they become possible. It holds the same place in the sphere of political economy that the law of gravitation does in physics. Without it there could be no recognition of order, and all would be chaos.

Yet the failure clearly to apprehend this as the fundamental law of political economy has led to very serious and wide-spread mistakes as to the nature of the science; and has indeed, in spite of the vigorous assertions and assumptions of its accredited professors, prevented it from truly taking in popular esteem the place of a real science, or from long holding in scholastic circles the credit it had for a while gained. For the principle that men always seek to satisfy their desires with the least exertion, there has been substituted, from the time that political economy began to claim the attention of thoughtful men, the principle of human selfishness. And with the assumption that political economy takes into its account only the selfish feelings of human nature, there have been linked, as laws of political economy, other assumptions as destitute of validity.

To show how completely the idea has prevailed that the foundation of political economy is the assumption of human selfishness, I shall not stop to quote from the accredited writers on the subject, nor yet from those who have made of it a ground of their repugnance to the political economy that has been with justice styled "the dismal science"—such as Carlyle, Dickens or Ruskin. I take for that purpose a writer who, while he fully accepted what was at his time (1857–60) the orthodox political economy, deeming it "the only subject immediately connected with the art of government that has yet been raised to a science," and was well conversant with its literature, was

not concerned with it as a controversialist, but only as a historian of the development of thought.

Buckle's understanding of political economy was that it eliminated every other feeling than selfishness. In his "Inquiry into the Influence Exercised by Religion, Literature and Government" (Vol. I., Chapter V., of his "History of Civilization in England"), he says that in the "Wealth of Nations," which he regards as "probably the most important book which has ever been written," Smith "generalizes the laws of wealth, not from the phenomena of wealth, nor from statistical statements, but from the phenomena of selfishness; thus making a deductive application of one set of mental principles to the whole set of economical facts."

And in his "Examination of the Scotch Intellect during the Eighteenth Century" (Vol. II., Chapter VI.), he returns in greater detail to the same subject. Adam Smith, he says, wrote two great books, with an interval of seventeen years between them. In both he employed the same method, that form of deduction "which proceeds by an artificial separation of facts in themselves inseparable." In the first of these, the "Theory of Moral Sentiments," he "so narrowed the field of inquiry as to exclude from it all consideration of selfishness as a primary principle, and only to admit its great antagonist, sympathy." In the second, the "Wealth of Nations," which Buckle regards as a correlative part of Smith's one great scheme, though still greater than its predecessor, Smith, on the contrary, "assumes that selfishness is the main regulator of human affairs, just as in his previous work he had assumed sympathy to be so." Or, as Buckle, later on, repeats:

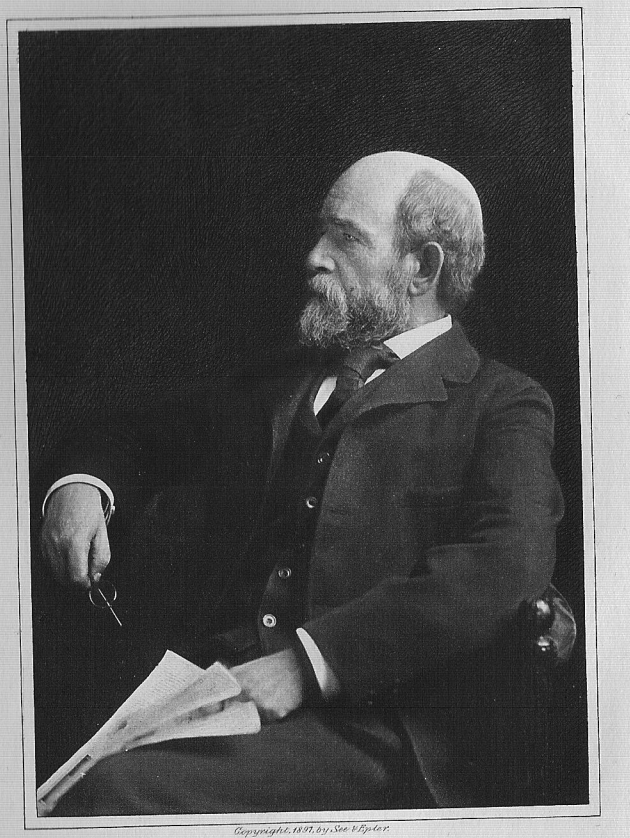
> He everywhere assumes that the great moving power of all men, all interests and all classes, in all ages and in all countries, is selfishness. The opposite power of sympathy he entirely shuts out; and I hardly remember an instance in which even the word occurs in the

whole course of his work. Its fundamental assumption is, that each man exclusively follows his own interest, or what he deems to be his own interest. . . . In this way Adam Smith completely changes the premises he had assumed in his earlier work. Here, he makes men naturally selfish; formerly, he had made them naturally sympathetic. Here, he represents them pursuing wealth for sordid objects, and for the narrowest personal pleasures; formerly, he represented them as pursuing it out of regard to the sentiments of others, and for the sake of obtaining their sympathy. In the "Wealth of Nations" we hear no more of this conciliatory and sympathetic spirit; such amiable maxims are altogether forgotten, and the affairs of the world are regulated by different principles. It now appears that benevolence and affection have no influence over our actions. Indeed, Adam Smith will hardly admit common humanity into his theory of motives. If a people emancipate their slaves, it is a proof, not that the people are acted on by high moral considerations, nor that their sympathy is excited by the cruelty inflicted on these unhappy creatures. Nothing of the sort. Such inducements to conduct are imaginary and exercise no real sway. All that the emancipation proves, is, that the slaves were few in number, and, therefore, small in value. Otherwise they would not have been emancipated.

So, too, while in his former work he had ascribed the different systems of morals to the power of sympathy, he, in this work, ascribes them entirely to the power of selfishness.

This presumption, so well stated and defended by Buckle, that political economy must eliminate everything but the selfish feelings of mankind, has continued to pervade the accredited political economy up to this time, whatever may have been the effects upon the common mind of the attacks made upon it by those, who, not putting their objections into logical and coherent form, could be spoken of as sentimentalists, but not political economists. Yet, however generally the accepted writers on political economy may have themselves supposed the assumption of universal selfishness to be the fundamental principle of political economy, or how much ground they may have given for such a supposition on the part of their readers, a true political economy requires no such assumption. The primary postulate on and from which its whole structure is built is not that all men are governed only by selfish motives, or must for its purposes be considered as governed only by selfish motives; it is that all men seek to gratify their desires, whatever those desires may be, with the least exertion. This fundamental law of political economy is, like all other laws of nature, so far as we are concerned, supreme. It is no more affected by the selfishness or unselfishness of our desires than is the law of gravitation. It is simply a fact.

The irksomeness or weariness that inevitably attends all continued exertion caused earlier men to look on the necessity of labor to production as a penalty imposed upon our kind by an offended Deity. But in the light of modern civilization we may see that what they deemed a curse is in reality the impulse that has led to the most enormous extensions of man's power of dealing with nature. So true is it that good and evil are not in external things or in their laws of action, but in will or spirit.



Henry George
when writing "The Science of Political Economy"

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