

POLITICAL ECONOMY CLASSES.



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SYNOPSIS OF THE OPENING LECTURE DELIVERED BY MR. PAUL TO HIS GLASGOW POLITICAL ECONOMY CLASS.

NATURAL LAW THE BASIS OF SCIENCE; DEFINITION OF POLITICAL ECONOMY; CO-OPERATION IN PRODUCTION.

Whatever be the divergence of belief as to the origin of the Universe, it is a matter of almost unanimous agreement that there are certain unalterable relations which bind the entire Universe into a coherent, orderly system. Human conduct is altogether based upon a recognition that such relations, commonly referred to as causes and effects, do exist. It is characteristic of man's mind that it peers behind the "fact" in order to discover the "cause" of it. A world in which cause and effect were absent would be an unintelligible jumble, defying reason. In it life would be a lottery and men the prisoners of a madhouse. Reason would be an anomaly, for there would be nothing capable of rational discussion or rational explanation. Nature is essentially a system of laws; it knows nothing of chance.

The explanation of any phenomenon or occurrence is the exposition of the natural law which is behind it. For example, it is not the essential truth to say that if an apple be cut from the tree, it will fall to the ground. The essential truth is that the apple must, from the very constitution of the Universe, fall to the earth; that it obeys that law which confines the sun to his orbit and rules the stars in their courses. The falling apple was till Newton's day purely a matter of observation. It was explained when Newton propounded the Law of Gravitation. The Law of Gravitation is the scientific explanation of the phenomenon.

Science is based on a recognition of the universality of natural law, and the possibility of a rational interpretation of Nature. Observation is the principal scientific method. The scientist observes nature directly and indirectly by experimentation; collects, compares, and digests the results of his observation and proceeds to propound the theory which springs from these results. If this theory be so well-established that no occurrence is found which is irreconcilable with it, we assume that another natural law has been discovered.

Natural law, then, is embedded in the nature of things and man can do no more than attain knowledge of it. And knowledge of it increases his power just as ignorance of it limits his activities. It is the business of science to investigate this orderly nature and to discover these natural laws which are of such supreme importance to humanity. The field of science is therefore vast—vast as the Universe itself—and must be divided and sub-divided if it is to be explored to the best advantage. Accordingly, there are the various "sciences," each distinguished by its particular field of investigation and with its own appropriate methods of observation. For our purpose we may divide the field of science into two broad compartments. In the first are put all purely physical phenomena—the planets, the matter of which the Universe consists, the physical part of all animals, &c. In the second are put the thinking, feeling, willing elements in the Universe—man's mind and the mental constitution of the lower animals. All science may then be classified as physical science—Astronomy, Geology, Anatomy, Botany, Zoology, &c.—or as mental science—Ethics, Psychology, Political Economy, &c. Auguste Comte argued that the prudent division of physical science into particular branches such as physics and chemistry was imprudent and impossible in mental science. He held, for instance, and I think quite justly, that it is impossible to divorce Ethics from Political Economy, and grouped all the sciences which treat of man as part of the social organism into one science, to which he gave the name "sociology," for which Social Science is sometimes substituted.

The necessity of conceiving the physical world as regulated by natural law presses so closely upon the human mind that the conception of natural law was never really absent from physical science. But the entrance of this conception into social science is of comparatively recent date. It was first introduced into Political Economy by the Physiocrats, a French School of Economists which flourished during the lifetime of Adam Smith and which greatly influenced the great Scotsman's work. The Physiocrats declared that "natural laws are the necessary relations resulting from the nature of things," and that these laws prevailed in Society as in the material universe. This fact of the rule of Nature in society seems to me quite as indisputable as the rule of Nature in the evolutions of the planets. The conception is the basis of the "new" Political Economy that is forcing its way into the schools and the principle which guided Henry George in his reconstruction of the science in PROGRESS AND POVERTY.

In addition to investigating phenomena, science affords guidance in the conduct of human affairs. The scientific man is perhaps the only "prophet." His organised knowledge and trained faculties enable him to foresee the results of any stated conjunction of circumstances; his "prophecy" is an argument in cause and effect. And from its very nature science is the basis of all art. Knowledge must precede art, and science is "knowing," art is "doing;" the tailor and the painter are anatomists; the sailor is an astronomer. In subsequent lectures we shall see that Political Economy has its art, and we shall be concerned with the questions pertinent to it.

The definitions of Political Economy are many and various. It has generally been unilluminatingly described as the science of wealth. The tendency of recent writers has been to break away from terse definition, and to give more or less wordy dissertations instead. Logically, the definition of a science, being a resumé of its principal subject-matter, ought to succeed a knowledge of the science. A bare definition, after all, conveys but little, so I propose to give my definition and to discuss it in detail.

George defined Political Economy in these words:—"The purpose of the science of Political Economy is the investigation of the laws that govern the production and distribution of wealth in social or civilised life." If I might put George's definition in my own way, I would say this: "It is natural for men to live in society and to co-operate in the production of wealth. The wealth so produced must be distributed among the individual producers. Political Economy is the science which investigates the natural laws which control this co-operative production and which direct this distribution." The definitions cover quite similar ideas. Observe, first, that it is natural for men to live in Society and to co-operate in the production of wealth. It is not meant, of course, that Robinson Crusoe living on his own island and producing

his own rice and barley and goat-cheese is an impossibility. It is meant that all Crusoe's instincts and desires were for the social life from which he had been unwillingly cut off. Man in isolation can produce the means of satisfying the most elementary necessities of his nature. Unless he is placed where nature is unusually niggardly, he can obtain food, limited in variety but sufficient to sustain life. But man desires more than life; he craves for companionship, for happiness. Without society these cravings of his deeper self are incapable of satisfaction. Man is a social animal, and his nature is stunted and undeveloped unless the instinct which drives him to congregate with his fellows is satisfied. The social instinct makes co-operative production possible and imperative. Even the most primitive societies involve the principle of the division of labour. It may be that, as among the Red Men of America, the young people, women and cowardly men do the menial work of camp or village, while the "Braves," hunt, and fish, and fight. Or it may be a more advanced society where there is division of men into various trades—boat-builders, fashioners of weapons, hunters, and so on. The underlying principle is that one man devoted to one trade, aided by his natural aptitude and acquired skill, produces much more than the jack-of-all-trades. As civilisation advances this division of labour is put more fully into practice, until we to-day live in a society of which the division of labour is one of the most notable features. Instead of confining himself to the production of one commodity, the worker generally specialises in the production of some particular part of it. There is now no question of one man one trade, for most tradesmen are confined to one department of a trade.

The benefits of the division of labour are incalculable. The total production of the community is increased enormously, and, if the distribution of wealth were equitable, the comfort and well-being of each individual producer would be enhanced correspondingly. If you care to imagine the difference the division of labour makes, try to think how long it would take ten thousand schoolmasters to build a "Lusitania" compared to the time it would take five thousand shipyard men to do it—and compare the results of each gang's work! The great value of the division of labour consists in its saving of human energy. With every workman a specialist, labour attains the maximum of efficiency and rapidity.

But the reach of the principle of division of labour does not embrace only the specialisation of industry within certain trades, nor is it confined to a particular political area. Co-operative production welds the human race into one body of workers, each of whom places his contribution on the vast heap of the world's wealth. It is a means whereby differences in climate, differences in the

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fertility of land, differences in the distribution of minerals, and differences in racial skill and aptitude are forced to aid the production of wealth by the human race. Mr. Louis Post of the PUBLIC (Chicago) illustrates this very well. He assumes that a certain "mainland" is suitable for growing corn, and unsuitable for producing sugar. A neighbouring "island," on the other hand, is suitable for sugar, and unsuitable for corn. When there is no intercourse between mainland and island, their produce may be tabulated as follows:—

SEPARATE PRODUCTION.

	Corn.	Sugar.	Total.
Mainland	10	1	11
Island	1	10	11
	11	11	22

Under a system of exchange, the mainland would devote itself altogether to the production of corn, while the island would provide the sugar. Assuming that half of the land of the mainland was formerly devoted to sugar, while half of the island formerly produced corn, the new figures would be as follows:—

CO-OPERATIVE PRODUCTION.

	Corn.	Sugar.	Total.
Mainland	20	0	20
Island	0	20	20
	20	20	40

Thus the co-operative production is a kind of alchemy which transforms the total production of 22 into a total production of 40. When the exchange between mainland and island has taken place, the mainland will have ten of corn and ten of sugar against its former production of ten of corn and one of sugar, while the island will have ten of corn and ten of sugar against its former production of one of corn and ten of sugar. Apply this principle throughout the whole field of the world's industry—not to corn and sugar only but to all the products of human labour—and you will begin to understand how natural a principle it is and how beneficent. It takes two to make an exchange, and both are benefited by it.

So far I have dealt only with the first part of my definition of Political Economy, viz., that it is natural for men to live in society and to co-operate in the production of wealth. The second part of the definition states an obvious truth that the wealth so produced must be distributed. Of course, some sort of distribution is necessary, and it lies with Political Economy to explain the principles of distribution.

Political Economy is the science which professes to discover the natural laws which govern the production and distribution of wealth. Its province therefore is wide, and difficult to explore. In dealing with vital considerations in the production of goods by man it is indeed a "bread-and-butter" science. But inasmuch as bread and butter are necessary to the development of those mental and spiritual gifts which are man's, material wealth is the humble basis on which are reared philosophies and religions. Political Economy is the science which bears most directly upon social life, and, whatever be its faults, its verdicts and decisions are fraught with the highest importance not only to the well-being of our own little country but to the well-being of the race to which we belong and whose interests are more to be desired than those of parish or country.

THE WESTMINSTER GAZETTE achieved a record in writing a leading article on the North-West Norfolk election without making a single reference to the Taxation of Land Values as the issue before the electors. A month after the event it prints a two column article by a Mr. E. N. Bennett on Liberals and the Agricultural Labourer denying that the reform of agricultural rating was the subject which chiefly inspired enthusiasm, belittling Mr. Hemmerde's campaign, and advocating two means of raising agricultural wages, viz., the Wages Board Act and combination among the labourers. Comment is needless.